ESG FOCUS INSIDE

Tier1 Technology

GVC Gaesco Valores

Spain | Technology

Investment Research

Full Company Report | **Reason: Company newsflow** | ***4 July 2024***

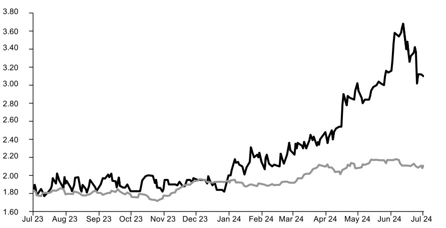
Buy	
Recommendation unchanged	
Share price: EUR	**3.10**
closing price as of 03/07/2024	
Target price: EUR	**5.00**

Upside/Downside Potential	**61.3%**
Reuters/Bloomberg	TR1.MC/TR1 SM
Market capitalisation (EURm)	**31**
Current N° of shares (m)	10
Free float	**32%**
Daily avg. no. trad. sh. 12 mth (k)	11
Daily avg. trad. vol. 12 mth (k)	12.60
Price high/low 12 months	3.68 / 1.77
Abs Perfs 1/3/12 mths (%)	-1.90/25.00/68.94

Key financials (EUR)	**12/23**	**12/24e**	**12/25e**
Sales (m)	22	26	29
EBITDA (m)	3	4	4
EBITDA margin	*14.4%*	*13.7%*	*14.0%*
EBIT (m)	2	3	3
EBIT margin	*10.3%*	*9.9%*	*10.6%*
Net Profit (adj.)(m)	2	2	2
ROCE	39.3%	39.4%	45.1%
Net debt/(cash) (m)	(3)	(4)	(5)
Net Debt Equity	*-0.4*	*-0.4*	*-0.5*
Net Debt/EBITDA	-0.9	-1.0	-1.2
Int. cover(EBITDA/Fin.int)	75.7	154.3	(408.3)
EV/Sales	0.7	1.1	0.9
EV/EBITDA	4.8	7.8	6.4
EV/EBITDA (adj.)	4.8	7.8	6.4
EV/EBIT	6.8	10.8	8.5
P/E (adj.)	10.7	15.4	12.5
P/BV	2.9	3.6	3.0
OpFCF yield	*20.4%*	*6.3%*	*7.7%*
Dividend yield	*2.5%*	*2.9%*	*3.6%*
EPS (adj.)	0.17	0.20	0.25
BVPS	0.63	0.87	1.03
DPS	0.08	0.09	0.11

Shareholders

Microsist. y Software 42%; Executives, Employees and others 26%;



Source: FactSet

TIER1 TECHNOLOGY   IGBM (Rebased)

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Sector specialisation, adaptation to the client

Tier1 has presented a 2024-26 strategic plan, in which it advances in its objective of positioning itself as a top-tier player in the supply of software for the business and IT services for innovation and digital transformation of the retail sector in Spain and Portugal, with a prudent entry into other countries such as Brazil. The company opens its strategy of combining organic and inorganic growth, with larger acquisitions and not only of product but also of IT, always within financial prudence.

- ✓ The company has achieved an average growth of close to 22% in the last five years, mainly supported by the distribution and food and non-food retail sector (in which it has a turnover of almost 65%) and to a lesser extent by other sectors. By product, proprietary software has grown by 40% on average between 2019 and 2023, compared to 17% for infrastructure maintenance.
- ✓ The increase in revenue has come hand in hand with greater growth in software sales, increasing its proportion to c.45% of the total (42% in 2022 and 35% in 2021). Service revenues represent 41.7%.
- ✓ This growth mix has led to an improvement in operating profitability, as the EBITDA margin has gone from an average of 11% in 2021 and 22 to 14.4% in 2023. In the medium term we project a increase to above 15%.
- ✓ In terms of inorganic growth, since 2017, approximately 25% of sales growth has come from acquisitions and the contribution reaches 20% of the revenues we estimate for 2024.
- ✓ We expect average annual growth of between 8% and 10% in software and IT investments in the distribution sector over the next 5 years, as the needs for platform integration and business digitalization will continue to demand more investment. We estimate a 2023-29 CAGR of Tier1 sales of 11% and 12% in EBITDA.
- ✓ Comerzzia has already established itself as a consolidated product, with a large customer base that uses it repeatedly and with a growing demand for the product via SaaS Enhanced, which brings a lot of margin to the company.
- ✓ Despite this growth and acquisitions, a solid financial structure has been maintained, with a net cash position of around 3 mEUR at the end of 2023 and a growing dividend payment, with a Payout target of 45%. With our estimates, we think that this financial health will be maintained in the medium term, although debt could increase if Tier1 execute more ambitious acquisitions.
- ✓ The visibility of Tier1's business has improved in recent years, since, despite the strong growth of the company's own product, the weight of the recurring business remains around 50%, with a growth of 11% compared to 2022 driven mainly by the 21% increase in the software product.
- ✓ We see Tier1 as well positioned to take advantage of this growth and therefore we have increased our estimates of accumulated EBITDA in the 2024-2030 period by 40%, which has allowed us to revise the target price from 3.4 EUR/acc to 5 EUR/acc.
- ✓ The company is trading at a discount to the sector's multiples based on 2025. We maintain our Buy recommendation.

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Investment Case: good position in an expansive sector

Tier1 concentrates most of its activity in the segment of the development and implementation of technological solutions and services for the food and non-food retail sector and other sectors. We think that investment in these sectors in technology in general will continue to grow at average levels of around 8% in the next 3-5 years and that in IT and software services that growth will be above (investment in hardware and telecommunications may be below average). Therefore, Tier 1 may have tailwinds from sectoral growth.

Given that Tier1 has positioned itself prominently in the sectors where it has specialized (based on the sectoral reports on the positioning of software products in the distribution sector), we believe that the company can maintain additional growth to the sector average, as it has done in recent years. Between 2019 and 2023, the company's total sales have grown by 22%, with sales of proprietary software increasing by 40% and IT services revenues by 17.6%. By sectors, Tier1 has increased revenues from Retail by 24% in that period and by 13.6% in other sectors. Over the past 10 years, the global IT sector in Europe has grown by an average of around 7%, depending on the source.

Therefore, our estimates that Tier1 revenues and EBITDA will grow by 11% and 12% on average annually between 2023 and 2030, seem achievable to us, in the aforementioned environment of an annual sectoral growth of 7-9% and with the record track demonstrated by the company in recent years.

Since 2016, the company's EBITDA margin has gone from 9.6% to 14.4%, with different ups and downs, but with an increasing underlying trend, which reflects above all the growth in sales of the company's own product, with the consequent leverage effect and to a lesser extent the effect of acquisitions, with certain cost synergies. although most of the time acquisitions generate revenue synergies. For the future, we have been conservative reaching 15%, both in the estimates and in the calculation of the residual value in the valuation by DCF.

In relation to the relative valuation compared to the average of comparable companies, Tier1 trades at a discount to the average of around 40% in terms of both EV/Ebitda and P/E. In terms of P/sales, the discount is 15% on average between 2024 and 2025. Although it seems to us that a significant part of the discount is simply due to the current small size of the company, it is not all due to that factor. In fact, the average multiples of the average of the smallest companies in the sector are trading at a discount compared to the total universe of 20% in terms of EV/Ebitda and 20% in terms of P/E, but with a premium of 10% if we consider the Price/Sales ratio.

This Tier1 discount is not justified by profitability, since the company has an ROE 50% above of its peer group and an Ebitda margin only 8% below the average, given that in the average there are companies in which the sale of the own product is mostly carried out as SaaS. which is the natural direction of Tier1 in the long term. On the other hand, Tier 1 has a net cash position against a sector average of 0.3-0.7x Net Debt/EBITDA.

Within the company's growth strategy, organic growth remains the main lever, but we expect that acquisitions will also continue to play an important role (in fact, we have incorporated small acquisitions every two years in line with the company's history). Nor do we rule out that the company will take part, in the medium term, in the logical process of sectoral consolidation, which is continuous in the IT segment or merge with an industrial partner.

Our Buy recommendation is based on the good positioning that Tier1 has to extract value and growth from the digitalization process of many sectors, such as retail. With higher critical mass and higher growth in the company's own product, we expect margins and company size to continue to grow, which may facilitate an online re-rating of what we see in other companies in the sector.

Tier1: Specialized and flexible IT services

Tier1 is a business group based in Seville and founded in 2002, whose activity is the provision of computer services, mainly the development, construction and implementation of its own software and the deployment and maintenance of Information Technology infrastructures, mainly focused on the retail sector, with an average annual growth in sales of 16% since 2016.

The company operates in 60 countries, through more than 10 offices in Spain, Brazil, USA and Portugual with about 325 employees, more than 1000 customers and a turnover of almost 22 mEUR and capitalizing about 30 mEUR. Of that revenue, about €11 million is currently recurring.

The head of the group is Tier1, which develops the consolidated activities of development, implementation and support of software and the deployment and maintenance of IT infrastructures. Tier1 has two 90% subsidiaries: Tier7 (100%), which carries out a similar activity in the Canary Islands, and Comerzzia (at 90%), which focuses on the development and sale of licenses for a new software specialized in the integrated management of the multichannel presence of companies in the retail sector. The remaining 10% of Comerzzia is held by software implementer Seidor. Tier1 has a 81% stake in ASG (Applications and Management Systems) directly and indirectly (Comerzzia has a 51% stake), which also develops and implements software for the wholesale sector and was acquired in 2017. Other subsidiaries where Comerzzia participate after the different acquisitions executed during last years are: clickoin (20%), Compudata (62%), cpi retail (51%) and Nextt (52%).

Being an IT services company, the main asset is the employees, and of the 325, 41% are graduates, mainly engineers, 53% technicians and 6% others. The average age is 36.5 years and the average seniority is 5.5 years, with 25% more than 10 years old.

The strategy is based on the following criteria: a) investment in own product, b) efficiency, c) sectoral targeting (>60% customers in the retail sector), d) own sales force and agreements with partners, e) mixed organic growth and acquisitions and f) maintenance of solid financial solvency.

Two lines of business with different dynamics

Comerzzia, which is the subsidiary that encompasses the activity of developing its own product, was established in 2010 and therefore, although it is the "young" part of the business, it is fully consolidated, although it can be differentiated from traditional activities by the different rate of growth, by the different valuation by the market and by the high operating leverage. which implies that with growth their margins widen.

Within the traditional activities, which have been developed since the origins of the company in 1993 (in 2002 MP Sistemas was legally created and transformed into Tier1), we include:

a) Software construction and implementation. Tier1 builds IT solutions for business processes, such as purchasing, sales, finance, logistics, asset management, and more. These computer solutions are programmed using the most modern languages and technological tools. Likewise, Tier1 implements, with its own resources, these solutions in its customers.

b) Deployment and maintenance of ICT infrastructures. Tier1 offers turnkey solutions in Information and Communication Technology (ICT) Infrastructures. It encompasses hardware, software, telecommunications, business automation and communication products, and IT services. In addition to deploying the solutions, it maintains them, both remotely and on-site, offering services with 24-hour coverage, 365 days a year.

In the most recent part of the business, the product implementation activity, the "comerzzia" platform for unified commerce stands out. Comerzzia Tecnologías Específicas para el Comercio, S.L. was incorporated in 2010 and owns the product called "Comerzzia". The Comerzzia software is a unified and modular platform for commerce that allows retailers (chain stores) to optimize their customers' shopping experiences across different points of sale, physical and online, which should enable sales increases. Comerzzia's strategic positioning lies in its advanced management capabilities under the concept of omnichannel, where information on customers, sales or stock is easily accessible from anywhere in the organization where it is needed.

The Comözzia software meets the needs for IT services arising from the development of new forms of commerce (internet and mobile devices) and their precise integration with traditional forms of in-store commerce.

Comerzzia's expansion vehicle is through agreements with software implementers such as Seidor or Tier1 itself. The company has a preferential agreement with Seidor, which has also been reinforced with a 10% stake by Seidor in Comerzzia.

Compared to other comparable technology platforms, Comerzzia has been identified by the leading consulting firm in the technology sector, Gartner, as one of the best solutions available on the market to meet the needs of unified commerce in its Market Guide reports of 2016, 2018, 2020, 2021, 2023 and 2024 and in its Vendor Guide of 2019. 2020, 2021 and 2022.

Proprietary, efficient, agile and flexible software

As a software builder, Tier1 focuses on developing products that are flexible to customers' needs. Among the company's own solutions, in addition to Comerzzia, the ones that stand out the most are: Atractor, Engage, Lustrum and Securinvoice.

- Attractor: it is a business management software (client-server) focused on the integrated management and control of the company. The product is modular, so it can be implemented in logistics, accounting, human resources, sales, marketing, etc.
- Engage: Web platform, which provides a unified channel for communication and exchange of information with suppliers. It can include the approval process, tendering, contracting, invoicing, incidents, labour relations, etc.
- Lustrum: Solution for the control and maintenance of industrial, commercial and technological assets and infrastructures distributed in several company territories, in order to maximize their availability, managing incidents and minimizing the cost of solving them.
- Securinvoice: includes two solutions: a) one for the automation of the processes of Immediate Supply of Information on VAT and IGIC taxes and b) generation of electronic invoicing. In the first case, the application can be integrated into any computer system on the customer's own premises or in the cloud.

In addition to these Tier1 products, the company develops tailor-made solutions including satellite programs, mobility solutions or integration projects.

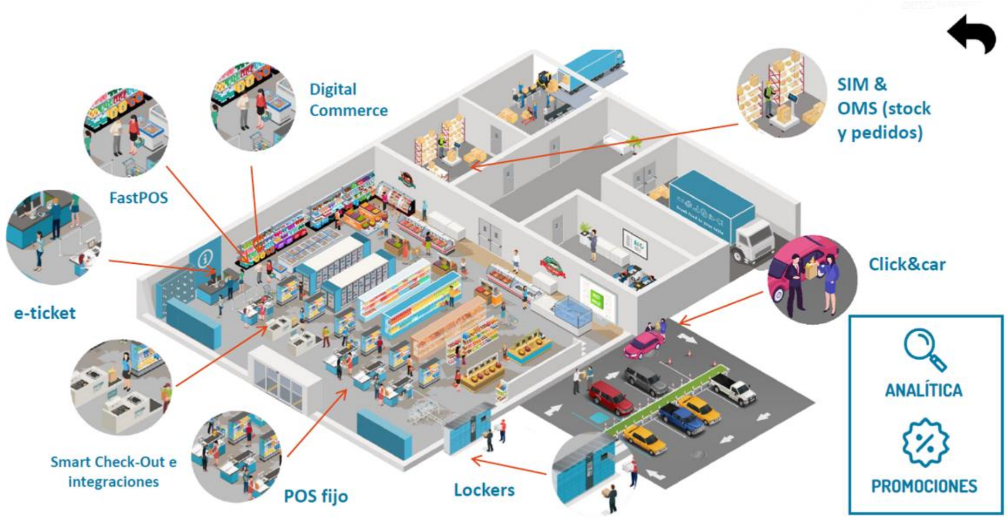
ICT Infrastructures

Tier1 offers turnkey solutions for the deployment and maintenance of IT infrastructures, with the aim of increasing the productivity and availability of its customers. This activity includes: a) Datacenter and cloud service, b) communications and data networks, videoconferencing, c) IT security and auditing, d) mobility, teleworking, work consulting and deployment and maintenance of infrastructures, including CPD adaptations, access security, switchboards, etc.

Comerzzia: the key to the Group's growth expectations

comerzzia is a modular platform for all sales processes in commerce for the management of chain stores (especially in the tertiary sector (fashion, food, bazaar and others), which allows you to manage and optimize the purchasing process of the chain's customers through the different possible channels (tablet, mobile, website, etc.) in a unified, consistent and seamless way, with the aim of generating a greater bond with the brand and therefore more sales, **that is, it is the global Tier1 solution for an efficient unified commerce**. After a solid evolution since 2019, Comerzzia has established itself as a manufacturer of a "sales engine" that brings value to the customer. Specifically, it has been shown that Comerzzia's adaptation has provided: a) increased revenue, b) absolute control of data (customer and behavior), c) scalability (in size, in different markets and in different channels), d) support (implementation, operation and evolution) and e) guarantees and trust (good references from customers, partners and Gartner).

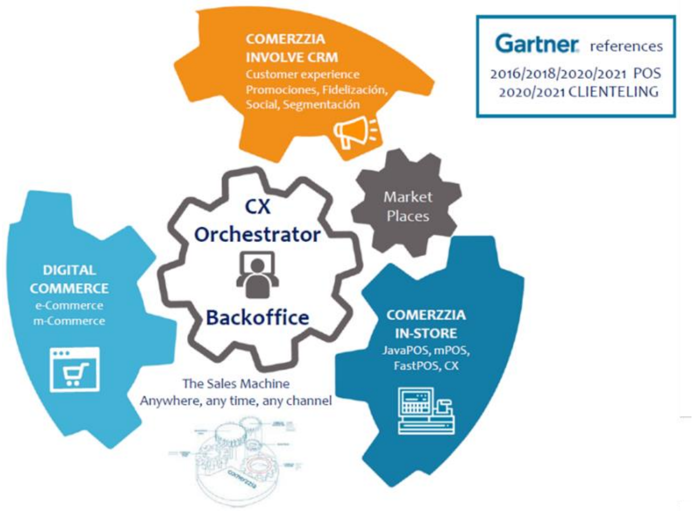
The target customers are companies with around 25 and 500 points of sale, with a turnover of up to 3,000 mEUR and with omnichannel and loyalty policies. The following figure represents which business modules would be coordinated in a fully integrated and fluid way in what Comerzzia calls "phygital" management



The main modules of Comerzzia are:

- Backoffice: Omnichannel Core, which centrally manages processes and uses all customer, product, stock and sales information in a synchronized way at all points of sale. Unify the pricing policy, assortment, price updates, merchandise management between stores and supplies.
- eCommerce-mCommerce. Module for managing sales via the Internet (web and mobile devices). The module has features such as customizable design, SEO positioning, online payment gateway, customizable shopping cart and wish list, showrooming, content, cross-selling, stock management, etc.
- Specialized and customizable Point of Sale (POS) for the retail sector, with digital ticketing generation, vouchers, gift cards and integration with payment gateways.
- CRM Comerzzia Involve, which is the loyalty and promotion module on social networks of promotions and digital experience, based on applied big data.

comerzzia brings value to the customer, solving the growing complexity of the retailer, through simple implementation, increase in the average shopping basket (cross-selling, up-selling), low cost of ownership (the lowest TCO on the market), rapid implementation, campaign management, loyalty programs, data analytics and tax adaptation to more than 40 countries. One of the characteristics of the platform is its modularity:



Therefore, Comerzzia offers an integrated solution unifying the customer experience, while only partial solutions with higher implementation costs are found on the market. In addition, it is a scalable solution that allows sales and costs to be disaggregated in an adjustable way to each business.

Business model and commercialization

Comerzzia sells its product mainly through a network of partners such as Birchman and Seidor, in addition to Tier1 itself. Their purchase options can be by pay-per-use SaaS (in the cloud), SaaS Enhanced (cloud infrastructure always available, accessible, scalable and flexible, which is the segment that is growing the most) and On premise (the pure and simple purchase of licenses). The company maintains a close and continuous relationship with customers in meetings in which issues specific to the sector are analyzed, which together with the knowledge of the customer's processes and technology creates a differential relationship. In 2022, the company established a joint venture and headquarters in Brazil with Seidor Brasil as a partner, which is a light alternative in risk and capex. According to Gartner, Comerzzia is offered as a SaaS solution available on Amazon Web Services, Google Cloud, Microsoft Azure or OVHcloud or available to be licensed on-premises.

Revenue generation originates through the sale or rental of licenses (where the revenue is split between Comerzzia and the partner from 50/50% to 90/10% respectively), license maintenance and implementation services (where the revenue is 100% from the implementation partner).

Comerzzia differentiates itself within an environment in which the following predominate: a) global and generalist competitors not exclusive to the retail sector with a global offer of products or services (Cegid, Oracle, Salesforce...), b) specialized competition in the retail sector but at a local level, c) players specialized only in e-commerce (Magento) and d) large players (IBM, Oracle, SAP, Microsoft) with a direct business strategy.

Comerzzia has stood out in the market for PoS applications for medium-sized companies in the annual study carried out by the world leader in technology analysis, Gartner. The reason for being included as one of the best applications for POS transformation in recent years is the combination of flexibility, modularity, and omnichannel. The functionalities highlighted by Gartner are integrated inventory management, CRM and working hours, integration of e-commerce and social networks, good integration with order management, ability to receive collections and payments, data analytical capacity and dashboard and ability to grow outside the source market. Support and service capacity are also taken into account.

Some of Comerzzia's main competitors in offering PoS solutions mentioned in the latest Gartner retail market guide are: Cegid, E3 Retail, Extenda Retail, Jumpmind, LS Retail, Manhattan Associates, Microsoft, New Store, Orisha/Openbravo, Planet, Sit oo PoS and Tata Consultancy Services and Wynd. Almost all of them are from the United States.

A strategy focused on organic growth...

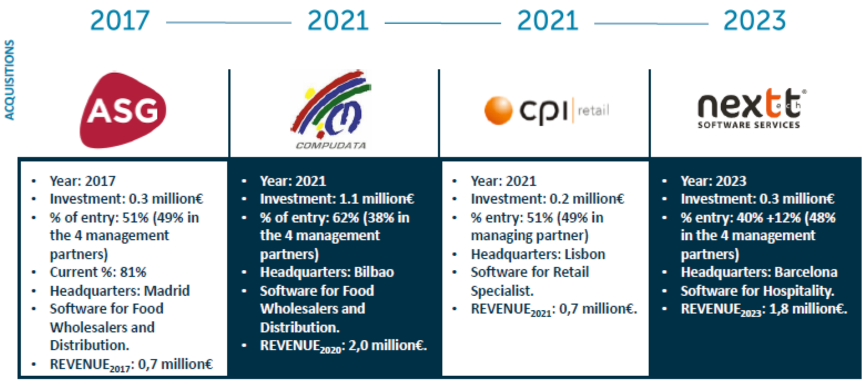
The Tier1 group has its headquarters in Seville and it has delegations located in Madrid, Barcelona, Bilbao and Lisboa (following the acquisitions done last years and local offices around the Iberian market.

At the international level, Tier1 Technology, S.A. and its subsidiaries have a presence in Ecuador and the United States through subsidiaries, and in Colombia and Brazil directly through Comerzzia and Joint Venture with Seidor Brazil , respectively. In addition, it operates in all those countries in which its customers have a presence, such as France, Portugal, Mexico, China, Peru, Argentina and the United Arab Emirates. Tier1's strategy involves the following aspects:

1. **Further international expansion** of its consolidated activities and in the reinforcement of comerzzia's growth. All this within a framework of improving profitability and maintaining a healthy financial structure. To this end, it will be reinforced with resources dedicated to international organic growth or to a corporate operation that provides inorganic growth. In addition, support will continue to be sought in commercial alliances with top-level technological players such as the one it maintains with Seidor. International expansion will be addressed both through its own structures and through collaboration agreements with other technology groups.
2. **Consolidation of volume and margins in recurring business lines**: Manufacture of computer solutions, implementation of these computer products and the deployment and maintenance of ICT infrastructures.
3. **Growth and scalability of its subsidiary Comerzzia**. To date, it has basically focused on national customers and whose international development has already begun. Tier1 relies for this project on leading consulting and technology companies that contribute their commercial capabilities and the implementation of IT tools. Tier1 continues to position Comerzzia as a leading product nationally and internationally and since 2020 it has successfully advanced in Spain, starting to open markets in other countries. To this end, the company will devote resources to attracting and promoting reference customers in new markets, corporate partnerships with companies specialising in the retail sector and development of distribution channels and implementation at a national and international level.
4. **Possible corporate operations to develop inorganic growth**. Target companies must have low or no debt, preferably in profits, but not necessarily, a well-sized structure, a common culture, a relevant business (sales between EUR5 and 10m), a simple ownership structure, preferably with solutions for the retail sector. Tier1's record track in acquisitions has been of lower size. In the last 8 years it has made four acquisitions: ESG in 2017, Compudata and CPI retail in 2021 and Next in 2023. That is why we have included an acquisition of 2 million euros of sales, with an acquisition cost of 0.8x estimated sales.

… and supported by selective inorganic growth

Acquisitions are not an unknown tool for Tier1, since since 2017 it has executed four acquisitions focused on software development companies.



Tier1's acquisition policy has traditionally been very prudent and we believe it will continue to be so. Until 2024, the goal was to acquire a small company with its own software for the retail and restaurant sectors, trying to keep the founding partners in the capital and financing the purchase only with their own funds. The purchases made by companies have not been focused on the contribution of volume, but have always had an angle of contribution of a new or complementary product to those made by Comerzzia, a type of customer in which the penetration of Comerzzia or Tier1 is limited or a new geographical market.

In the whole of these past operations, the group has invested around two million euros (for an average stake of 57%) and has consolidated 5.2 million euros in sales in that period. Taking into account the valuation by 100% of those companies, the implied multiple paid by Tier1 has been 0.64x price/sales.

Between 2017 and 2024, we estimate an average annual growth rate, tacc, of 15.4% and without acquisitions it would have been 11.7%, i.e. non-organic growth has contributed almost 25% of the growth.

In addition to these acquisitions, Tier1 has materialized a JV with Seidor Retail Brazil in 2022, as another non-organic form of growth, which will contribute to achieving the goal of reaching sales of 3 mEUR in Latin America by 2026.

2024-2026: A Controlled Boost to Inorganic Growth

The recently presented strategic plan adds some ambition to M&A policy with the aim of boosting growth, while keeping risk under control. Acquisitions now include not only software producers but also IT services companies and software implementers. The target size would be between 5 and 10 mEUR and the participation would always be above 50%. In terms of financial criteria, it will continue to be preferred that there are no high labor liabilities or debt, but if debt is used, the maximum debt is set at 1.5x Ebitda. Beyond acquisitions, potential mergers with companies with a turnover equal to or greater than Tier1 itself, with a focus on retail, are not excluded.

The sectoral focus will continue to be generalist retail or specialized retail (such as pharmacy). Geographically, it is still Iberia, but it is expanding to Latam and Europe, especially France and Portugal.

Revenues and investments from potential corporate transactions are not included in the strategic plan presented, but we have continued to include an acquisition of EUR 2 million of revenues in 2026, 2029, 2031 and 2033, with a conservative multiplier of 0.75x price/sales.

A large and diversified sales base

Tier1 has about 1,000 customers in its consolidated activity, which has multiplied by 3 in the last 5 years. In expanding activities, the Comerzzia solution has multiplied its customers by 3x from 22 to 60 between 2016 and 2018.According to the latest data, the top 10 customers generate 42% of sales, therefore, the remaining 340 customers contribute 58%. The first and second customers contribute 15% and 10% of the Group's sales respectively. As demonstrated during the 2020 Pandemic, restructurings, defaults and provisions are low in the sector since the IT services provided by Tier1 are necessary for business continuity.

Despite the large number of customers, we can highlight some of the main verticals in which Tier1 works:

- **Retail and Horeca**
- **Manufacture**:
- **Services**:
- **Distribution**:
- **Engineering**:
- **Public Administrations**:

As can be seen in the number of customers, the penetration of Tier1 is much higher in the retail sector (logically due to its business origin), while the path to travel in other sectors such as catering, industry or services, the potential market that can be captured is very significant.

Tier1-Comerzzia Delivering Value to Customers: Success Stories

Among some of the many success stories and achievements achieved for the client, we can highlight the following:

- **SPAR:** Smart Check Out, campaign management and OMS from the store have been carried out, achieving an increase in the average ticket and sales per m2.
- **E.Leclerc**: In-store order picking, Click&Car, integration of the promotional system, increasing online sales and in-store traffic.
- **IskayPet**: Unified global solution, campaign management and advanced analytics, loyalty and promotions, driving unified and flexible experiences.
- **Bimba y Lola**: Unified global solution with integration of promotions and loyalty, achieving rapid internationalization and an increase in traffic and turnover in store.
- **Transgourmet: IT services** with remote and face-to-face support, auxiliary services for the 78 headquarters and 11,000 elements in Spain, with 3,000 users.
- **Tier 1 retail chain in Spain**: On-site support for 8,000 balances including legal reviews and face-to-face, remote and ancillary services support.

Distribution needs to increase IT investment

The future of the integration of the different commerce platforms will go through the integrated digitalization of the points of sale of the chain of stores and for this the offer of commerce developed and distributed as SaaS by Tier1 and other vendors, is fully operational. Point of sale applications anchor unified commerce platforms for a seamless customer experience across all retailer touchpoints across the multi-channel network.

In a way, the retail sector continues to experience some disruption with the need to manage the following challenges:

a) Increasing complexity of the shopping experience, as new tools and channels make commerce an omnichannel activity, rather than multichannel, as the different shopping channels are integrated to offer a seamless and frictionless experience, which is one of the functionalities offered by Comerzzia. Between 50% and 75% of consumers use a combination of online and offline channels, with the US in the highest range and Europe in the lowest.

b) Supply chains continue to have fissures that need to be improved and trade policies need to adapt to movements in the value chain so as not to cause impacts to distribution chains such as lack of supply.

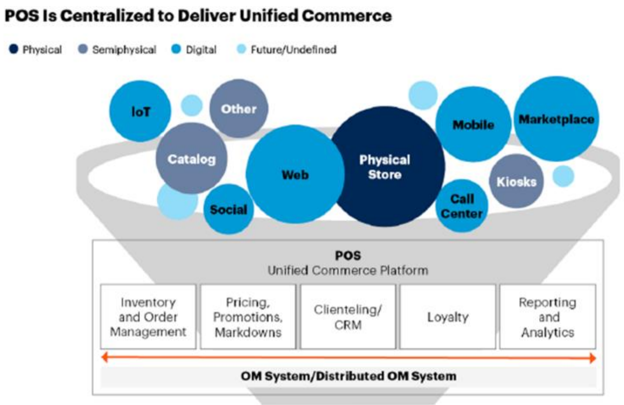
c) Greater competition, as digitalisation lowers the barriers to entry into the sector, raising the cost of acquisition per customer, which according to some studies has tripled since the years prior to the pandemic.

d) Impacts of inflation, which make consumer preferences very changeable and loyalty to brands and products has been drastically reduced.

e) Marketing and IT providers must give more for less and therefore customers are looking for the best modular solutions for the sector, a segment in which Comerzzia is positioned.

In this context, the segment of medium-sized distributors is evolving in its demands for digitalization solutions following the following trends:

1. Unified solutions for all needs
2. Flexible solutions with agility in the implementation of capabilities needed to survive in a changing industry environment.
3. Solutions that enable the connection of associated points of sale with all data and information functionalities
4. Cloud-native solutions that ensure data resiliency, security, privacy, and disaster recovery.



Source: Gartner Market guide

Comerzzia has quickly adapted to the development of point-of-sale applications for medium-small size distributors, incorporating cloud-native applications, complementary and without the ties that the applications offered to large retailers usually have. On the market there are applications born directly for mobile devices that offer the different roles of the partner stores. Most developers focus on cloud-based solutions to accommodate the growth of cloud installation deployment.

The market for Comerzzia is made up of all those medium and large sized retail companies that see that the functionality of their Points of Sale does not provide everything necessary to offer an adequate experience to their customers, comparing their current functionalities with the need to offer a unified capacity of click and collect, stock replacement, customer service, Premium purchase order management service and a loyalty experience, with programs and analysis of your customers' commercial behavior data.

comerzzia’s target market

The comerzzia software facilitates this evolution from points of sale (PoS) to a network of multichannel solutions in which the PoS is the anchor of a unified commercial platform, which in addition to the sales, reporting and returns functionality, must offer other functions such as out-of-store inventory purchases, loyalty and personalization programs, as well as the possibility of combining online purchase with physical collection.

The segment that Comerzzia is mainly targeting is that of retail distributors with a multi-channel, multi-geographical presence, including physical stores and online sales.

And in this universe of companies, Comerzzia and therefore Tier1, still have a lot of market to capture, because customer experience (CX) still has a lot to improve according to some market studies that indicate that while a large majority of companies claim that they offer a good CX, not even 15% of customers say that companies are creating an experience that makes them highly loyal to the brand.

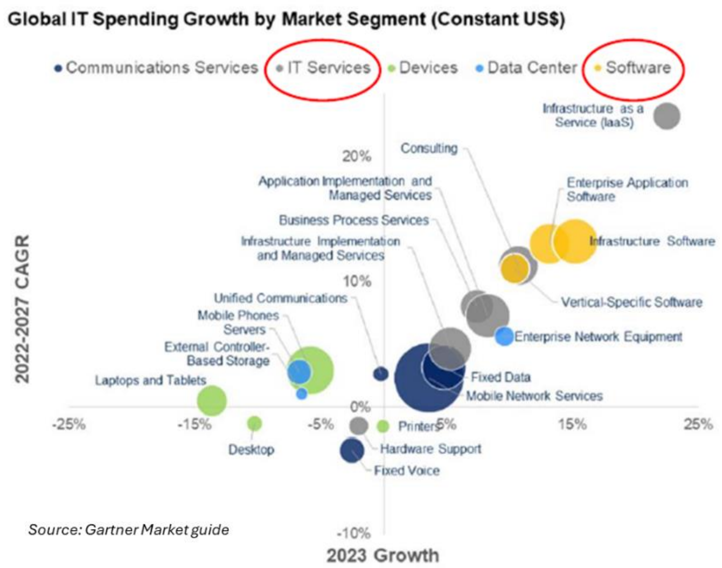
In the end, the coordinated management of the company, in its back and front activity and between all its sales channels, not only optimizes processes and therefore improves results, but also really improves CX and therefore, can potentially increase sales. On the contrary, a bad CX can stop many consumers from making repeat purchases from an operator even if their product is very good. And that's where Comerzzia's offer comes into play.

Software and IaaS: the fastest-growing IT segments

According to different market studies and statements from consolidated agents in the retail world, we expect investment in IT in the sector to recover and stabilize at a high digit average annual growth in the next five years. This growth is below the average growth of IT investment in all industries which will be close to 9%, with sectors such as utilities, healthcare or financial sectors (banks and insurance) growing even above 10%. We believe that the need to advance in the digital transformation of the retail sector will continue to drive the growth of IT spending in most verticals.

Within the IT category we include different segments with different growth forecasts. The aforementioned average growth of high mid-single digits (5-7%) is supported by a higher growth of 8-10% in software and IT services, which are precisely the main niches in which tier1 and Comerzzia carry out their activity. The telecommunications segment is already quite mature and will remain without growth but stable and other niches such as hardware, data center businesses or the maintenance of internal infrastructure will grow between 0% and 5%.

According to these estimates of the evolution of technological investments in the retail sector, the two main activities of Tier1, IT services and proprietary software, would be precisely the two segments with the highest growth in the medium term.



This attractive growth in software (8-10%) is supported by almost all types of software, as both specific and generic programs (ERP, SCM, CRM) will grow by around 9%. Most of the investment in software, which is infrastructure, we estimate will increase on average annually by around 11% and everything related to data analysis and business intelligence will also grow by double digits.

Within investment in IT services, the strong growth of IaaS stands out, which due to the need for flexibility in services can increase by more than 20%. The rest of services such as consulting, Business Process Services and internal services we think will have an evolution slightly higher than the CPI between 4%-6%.

Geographically, the highest growth rates are expected in Asia, with an annual expansion of almost 10%, and in the US, although in this case, we do not expect much difference in other regions such as EMEA, but simply differences of less than one point. Latin America would be between Europe and the US in terms of average growth in the medium term.

The main drivers of the digital transformation of the IT market are:

- **Mobility**: which allows information and services to be accessed and managed from anywhere and at any time.
- AI: it is one of the investment priorities to redesign processes or rethink customer experiences and interactions.
- **SAAS/CLOUD: allows** companies to scale their computing resources as needed, paying only for the use made.
- **Data Management and Cybersecurity**: Improving data management and cybersecurity is a very important priority for companies.
- **Changes in consumer habits**: since these are having a significant impact on how companies create value.

And the specific drivers for the digital transformation of the retail market include Unified Commerce, the order management system, workforce management, the availability of integrable, modular and flexible technology and the need for software to accompany international expansion without limitations, for example of tax differences.

Strategic Plan 2024-2026: profitable growth

The company has presented a 2024-2026 strategic plan, which has been promoted by the board, following the successful completion of the previous ones focused on the leap to BME Growth and the achievement of leadership in retail IT in Iberia. The main objectives of the strategy would be to:

1. International development, making Comerzzia the leader in Iberia and a benchmark in Europe and Latin America.
2. To strengthen the leadership of IT services in the retail sector in Iberia.
3. Complement organic growth via acquisitions in a cost-effective manner
4. Strengthen the organization's capabilities and talent for a new dimension of the company and a new target of customers.

To meet these objectives, Tier1 has defined growth axes with levers to support it:

1. Strengthen Comerzzia in Iberia and develop it internationally, developing a network of global partners. On the partner side, progress is already being made focusing on the current ones in Iberia (Tier1, Seidor and Inetum), in Brazil in the JV with Seidor Brazil, in Colombia and Chile with Beltech, in Italy Retex and in France and Mexico a local partner is being sought for a JV.
2. Development of a wealth of competitive and high-quality IT products and services for the retail sector in Europe, which guarantee growth and profitability. It takes advantage of the fact that 79% of retail CIOs intend to increase the number of physical stores and 69-71% intend to increase investment in store technology.
3. Reinforcement of the presence of Tier1 IT services in the industry, with a boost to proprietary software such as Securinvoice and Atractor, which will favor a 28% growth in CAGR 2023-2026 of turnover in that sector to 2.5 mEUR.
4. Improvement of the effectiveness and efficiency of operational processes and key support, with a technological unification of group companies in terms of investments in R+D, with a focus on accelerating the use of AI applied to commerce, to programming processes and quality and to internal productivity itself.
5. Attracting, developing and retaining talent.
6. Shareholder reorganization and reinforced governance.

From strategic objectives to financial objectives

The translation into target figures for 2026 of the strategic actions is as follows:

Guidance 2026, profitable growth for shareholders

	2023	2026
Revenue	21.8 million€	31-33 million €
EBITDA	3.1 million€	4.8 million €
% International Revenue	6,0%	12-15%
% Recurring Revenue	≈50%	> 50%
Software Investment	Prudence	< 0,8 million€/año
Dividends	Continuity	Pay out ≈ 50% on Attributable Net Income

2023 results: the finishing touch to a good track record

The 19% growth in sales in 2023 meant a continuity of what has been the average annual growth since the pandemic (2019-23 CARG 21.5%) and additionally meant an increase in the Ebitda margin that exceeded the level of 2017, which for now had been the all-time high. It should be noted that inorganic growth is not included in 2023, as the acquisition of Next (an IT company specializing in catering) will not be consolidated until 2024.

The main figures for the most notable financial items are as follows:

Tier1: selected 2023 financial items

mEUR	2023	2022	Incr.
Sales	21.8	18.3	19.1%
Software	9.7	7.7	26.4%
IT Services	10.9	8.2	33.0%
Others	1.2	2.4	-50.5%
Order Intake	20.0	11.8	69.8%
Recurrent *	10.3	9.3	10.8%
o/sales	47.4%	50.9%	
Ebitda	3.2	1.9	68.4%
o/sales	14.7%	10.4%	
Net Income	1.7	0.9	91.6%
Equity	7.5	5.9	26.7%
Net Cash	3.1	0.1	
Total Dividend **	0.8	0.3	156.7%

Tier1. GVC Gaesco Valores

** Revenues from multi-year contracts. ** payment*

The figures for 2023 are a reflection of what are the trends that are part of the company's objective and that we think they can continue to achieve in the short term. We would highlight the following evolution:

1. Sales growth. In 2023 they have grown by 19%, very close to the 21.5% average since 2019 and double what we conservatively expect on average in the next 5 years. The strategic retail sector continues to show strong growth of 16% similar to 2022. We estimate that this increase in sales has been significantly above the growth in IT investment made by the retail sector worldwide, which according to different sources has been between 4% and 6% in 2023.
2. Increase in the EBITDA margin, due to the increase in the weight of proprietary software from 42% in 2022 to 45% in 2023.
3. Growth in sales from multi-year contracts, which represent revenue recurrence and visibility. They are up 11% in 2023 and stand at 47.4% of total revenues in 2023, slightly below the 50.9% in 2022 due to the sharp increase in total and software sales, which tend to have less recurrence.

Tier1: Recurrent Revenues

	Annualized recurrent					*Total Reported*	
	2023	% total	2022	% total	Incr.	2023	2022
Own Software	4.3	44%	3.5	46%	21%	9.7	7.7
Infrastructure	4.8	44%	4.5	55%	7%	10.9	8.2
Others	1.2	100%	1.3	53%	-5%	1.2	2.4
Total	10.3	47%	9.3	51%	11%	21.8	18.3

Source: Tier1

4. Solid financial situation, not only maintaining the cash position but increasing it from less than 1 mEUR to more than 3 mEUR.
5. Increase in the dividend payable in 2024, from 0.3 mEUR to 0.770 mEUR, when the previous maximum was 0.45 mEUR in 2022, as 50% of Pay Out has been maintained, in line with what was reaffirmed in the strategic plan.

The acquisition of Nextt in 2023 and first consolidation in 2024, may cause margins this year to be somewhat lower than the 15% we expect in the medium term.

GVC Gaesco Valores

Earnings and cash flow: growth continues

The fact that Tier1 has specialized in the retail and distribution sector has been reflected in an average growth, 2019-23 CARG, of 24% in sales to this segment, while in other sectors the growth has been 13.6%.

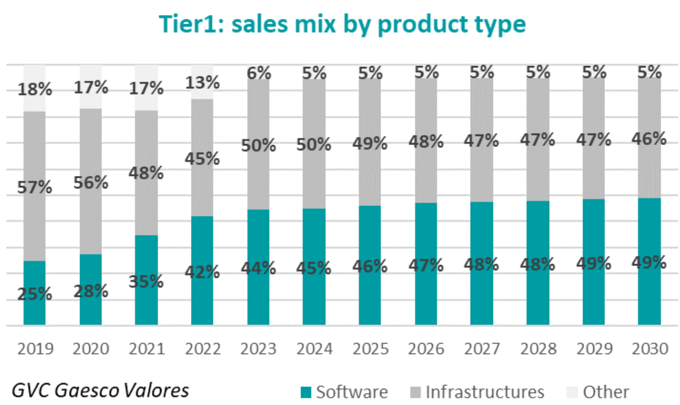
Our average growth hypotheses for the next 6 years of 11% of revenues are supported by the greater investments that the distribution sector is making after the pandemic, in order to be competitive and maintain market share once normality is restored, since the pandemic has accelerated the digitalization trend and the need to have an efficient omnichannel platform.

TIER1: Earnings & Cash Flows estimates

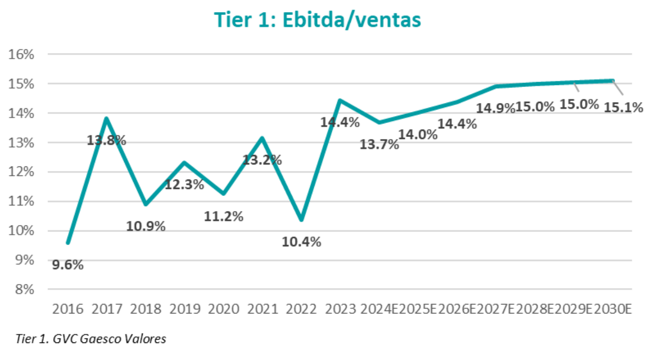
mEUR	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 19-23	CAGR 23/30
Retail & Distribution	5.9	7.3	10.3	12.0	14.0	17.6	20.7	26.1	28.3	30.3	34.1	36.2	24.0%	14.6%
Industry & Services	2.5	3.2	3.4	3.5	4.2	4.4	4.7	5.1	5.4	5.7	5.9	6.1	13.6%	5.8%
Others	0.2	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Public Sector	1.4	2.0	3.2	2.6	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7		
Total Revenues	**10.0**	**12.9**	**17.1**	**18.3**	**21.8**	**25.7**	**29.1**	**34.9**	**37.3**	**39.6**	**43.7**	**46.0**	**21.5%**	**11.3%**
Ebitda	**1.2**	**1.4**	**2.2**	**1.9**	**3.149**	**3.5**	**4.1**	**5.0**	**5.6**	**5.9**	**6.6**	**7.0**	26.4%	12.0%
% o/sales	*12.3%*	*11.2%*	*13.2%*	*10.4%*	*14.4%*	*13.7%*	*14.0%*	*14.4%*	*14.9%*	*15.0%*	*15.0%*	*15.1%*		
D&A	-0.3	-0.3	-0.7	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0		
Ebit	0.9	1.1	1.5	1.0	2.2	2.5	3.1	4.0	4.6	5.0	5.6	6.0	24.7%	15.2%
Net Income	**0.6**	**0.8**	**1.2**	**0.9**	**1.7**	**2.0**	**2.5**	**3.2**	**3.7**	**4.1**	**4.7**	**5.1**	27.7%	16.8%
FFO	1.0	1.2	2.0	1.8	2.8	3.0	3.5	4.2	4.7	5.1	5.7	6.0		
WCR	-0.2	0.6	0.2	-1.5	1.5	-0.4	-0.4	-0.7	-0.4	-0.4	-0.6	-0.3		
Capex	-0.3	-0.5	-0.4	-0.5	-0.5	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4		
FCF	0.5	1.3	0.8	-0.2	3.5	1.4	2.2	1.8	3.5	4.3	3.5	5.0		

GVC Gaesco Estimates

In 2024, the consolidation of Next brings 2 mEUR of potential revenue but a lower EBITDA margin, the incorporation into Tier1 will improve this profitability, as it was determined by the small size of the company. As for growth by own product, software and service, the trend we expect is the one seen in the following graph.



We may be conservative, as we only increased the weight by 5% from 44% to 49%, but we want to see how the JV with Seidor works in Brazil and how Next's product is implemented. Thanks to the growing contribution of the company's own product and the cross-selling from the latest acquisitions and more sales of its own software in SaaS mode, we expect an improvement in EBITDA margins. Our forecast for EBITDA margins is as follows:



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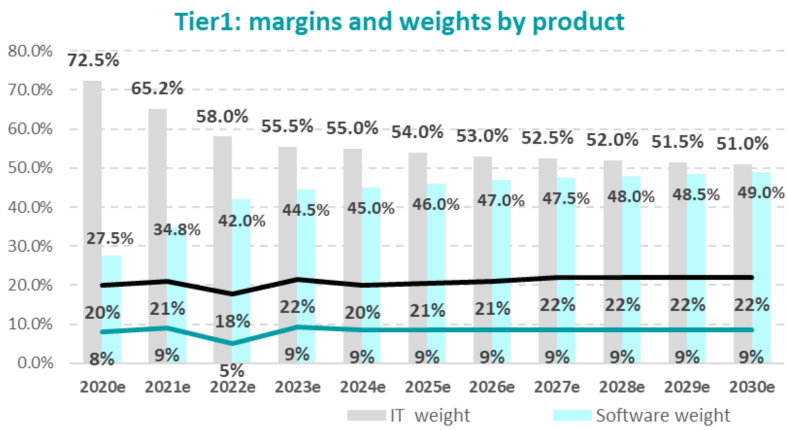
The reality is that the gross margin of the comerzzia product could be around 60%, but the commissions assigned to the distribution partners must be taken into account. At the Tier 1 group level, we maintain an EBITDA margin of 15% in the long term and this is the one we have used for the discounted valuation of cash flows.

Although it could be exceeded in the long term, the reason for maintaining it at these levels is the aforementioned need to cede significant marketing commissions at a time of national and international expansion. In addition, at a time when the company is expanding and entering strongly into the segment of large customers (top 50 in food distribution), the implementation processes in this type of customer usually have a ramp-up of the contract in which Tier1 has to "sacrifice" margins in the short term to establish itself as a supplier and try to increase penetration with more products and services.



GVC Gaesco Valores

We include moderate inorganic growth

Regarding inorganic growth, in subsequent years we have included an acquisition of the same size in the years 2024 (the aforementioned Next), 2026, 2029, 2031 and 2033. In other words, in each of these years we incorporated 2 mEUR of non-organic growth and the corresponding investment of 1.5 mEUR per operation (0.75 price/sales), which due to the payment structure, we divide between two years (the one of the operation and the following one).

We believe that, given the financial situation and the cash generated, these operations can be undertaken without the need for capital increases, although for reasons of free-float expansion and the size of the company, we do not rule out that they may be contemplated.

TIER1: margins and profitability

mEUR	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Ebitda Margin	12.3%	11.2%	13.2%	10.4%	14.4%	13.7%	14.0%	14.4%	14.9%	15.0%	15.0%	15.1%
Ebit Margin	9.2%	8.8%	8.9%	5.7%	10.3%	9.9%	10.6%	11.5%	12.2%	12.5%	12.8%	13.0%
Net Income Margin	6.4%	6.6%	7.1%	4.9%	7.8%	7.8%	8.5%	9.3%	10.0%	10.3%	10.7%	11.0%
ROE	18.6%	22.7%	21.6%	15.1%	22.9%	23.1%	24.1%	26.2%	25.4%	24.0%	23.5%	22.1%
ROIC	21.3%	31.9%	22.9%	12.8%	37.3%	37.6%	43.2%	44.9%	49.2%	54.6%	53.2%	56.2%
FCFYield (RRPP)	2%	4%	2%	-1%	11%	5%	7%	6%	11%	14%	11%	16%

GVC Gaesco Estimates.

The company's profitability in terms of ROE is quite attractive and above comparable companies in the sector and we expect it to remain between 20% and 25% in the medium term. With regard to cash generation, we see that the degree of conversion of EBITDA into funds generated by operations is very high, estimating it at 75%-80% in the medium term (in 2022 the FCF was penalized for a non-recurring consumption of working capital and on the contrary, in 2023, it benefited from its normalization).

Solid financial position and controlled working capital

Tier1 has once again demonstrated the financial strength of its balance sheet in 2023, with a net cash position that reached almost €3 million at the end of the year, compared to a balanced position in 2022, thanks to the high degree of conversion of results into cash.

TIER1: Cash Flow and investments estimates

mEUR	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 19-23	CAGR 23/30
FFO before wc	1.0	1.2	2.0	1.8	2.8	3.0	3.5	4.2	4.7	5.1	5.7	6.0	27.3%	11.8%
wc needs	-0.2	0.6	0.2	-1.5	1.5	-0.4	-0.4	-0.7	-0.4	-0.4	-0.6	-0.3		
FFO	**0.8**	**1.8**	**2.2**	**0.3**	**4.3**	**2.6**	**3.1**	**3.6**	**4.4**	**4.7**	**5.1**	**5.8**	51.5%	3.0%
Capex	-0.3	-0.5	-0.4	-0.5	-0.5	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4		
Adquisitions&dispos.	0.0	0.0	-1.1	0.0	-0.2	-0.6	-0.3	-1.1	-0.4	0.0	-1.1	-0.4		
FCF	**0.5**	**1.3**	**0.8**	**-0.2**	**3.5**	**1.4**	**2.2**	**1.8**	**3.5**	**4.3**	**3.5**	**5.0**	64.5%	0.0%
Dividends	**-0.4**	**-0.30**	**-0.35**	**-0.45**	**-0.30**	**-0.77**	**-0.90**	**-1.12**	**-1.46**	**-1.68**	**-1.84**	**-2.11**	-6.9%	35.4%
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Net Cash/debt change	0.1	1.0	0.4	-0.6	3.2	0.6	1.2	0.7	2.0	2.6	1.7	2.8		
FCFYield (RRPP)	2%	4%	2%	-1%	11%	5%	7%	6%	11%	14%	11%	16%		
FFO/Ebitda	66%	123%	100%	17%	135%	74%	75%	71%	78%	80%	77%	83%		

*GVC Gaesco Estimates. * (+reduction/-incr.)*

This financial position is the result of cash that increases from 1.65 million euros in 2022 to 4.4 million euros in 2023, and gross debt that falls from 1.3 to 0.5 million euros. This gross debt was basically linked to projects and the average costs are low, since this debt includes financing from the state or public entities for R+D or ICO loans.

In addition to the low debt, two other characteristics of Tier1's balance sheet are: 1) the relatively high weight of working capital, and especially the balance of customers, and 2) the importance of intangible assets (logically computer programs).

TIER1: Balance-sheet selected item

mEUR	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Equity	3.5	3.7	5.6	5.9	7.5	8.7	10.3	12.4	14.7	17.1	19.9	22.9
Net Debt (cash)	-0.1	-1.0	-0.8	0.2	-3.0	-3.6	-4.9	-5.6	-7.6	-10.2	-11.8	-14.7
Invested Capital	3.5	2.8	5.3	6.5	4.8	5.4	5.7	7.2	7.4	7.3	8.4	8.5
Fixed Assets	1.2	1.1	3.8	3.5	3.3	3.5	3.4	4.2	4.1	3.6	4.2	4.0
o.w. Intangible Assets	0.7	0.7	2.3	2.1	1.8	2.0	2.0	2.6	2.6	2.3	2.8	2.7
Total Assets/liabilities	6.6	7.9	12.6	12.8	14.0	15.3	16.2	18.6	19.2	19.3	21.1	21.6
DN/Ebitda	-0.1x	-0.7x	-0.4x	0.1x	-0.9x	-1.0x	-1.2x	-1.1x	-1.4x	-1.7x	-1.8x	-2.1x
Working Capital	2.3	1.8	1.5	3.0	1.5	1.9	2.3	3.0	3.3	3.7	4.3	4.5
(o/sales)	23.1%	13.7%	9.0%	16.3%	6.9%	7.3%	7.9%	8.5%	8.9%	9.3%	9.7%	9.8%
Receivables	4.0	4.6	5.8	7.2	6.0	7.1	8.0	9.6	10.3	10.9	12.0	12.6
(o/sales)	40.4%	36.1%	34.0%	39.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
Payables	1.4	2.4	3.9	3.9	4.1	4.8	5.4	6.3	6.7	7.0	7.6	8.0
(o/sales)	14.2%	19.0%	22.6%	21.6%	18.7%	18.7%	18.4%	18.1%	17.9%	17.6%	17.3%	17.3%

GVC Gaesco Estimates

Customer balances accounted for 56% of total assets in 2022, lowering the weight to 43% in 2023 (in terms of sales it has fallen from almost 40% to 28%), due to a normalisation due to a longer project. The weight of suppliers has remained at 30% of total assets (and has fallen in terms of sales from 22% to 19%). As a result, Net Cash Working Capital has reduced its weight with respect to sales in 2023 from the abnormally high 16% to 7%, from where we think, conservatively that it will rise to 10% progressively. The company does not have stock balances or ongoing products as it uses the degree of progress on projects as a method of revenue and margin recognition and projects typically have a duration of less than one year of lead time.

In the future, we have estimated that the collection and payment periods will be maintained, which implies a certain stability in the weight of the different items of working capital compared to revenues and therefore an investment in working capital, only related to this growth.

Another important item of any solution manufacturing company is the balance of intangible assets. However, due to Tier1's conservative recognition policy, the net balance of intangible assets only reached 13% of the total balance sheet. The gross value of computer applications as of 2023 is 3.1 mEUR, but of that amount, 2.3 mEUR is already amortized. The rest of the fixed assets reflect the value of the hardware and some owned installations. The headquarters and operating centers are mostly leased and the future minimum payments for these leases are equivalent to about two annuities. Goodwill is only €0.4 million despite acquisitions made in recent years.

We raised our rating for the higher visibility

After several years with negative and positive effects derived from the pandemic and some customer turnover, we think that 2023 has served to demonstrate that Tier1 has been able to manage these situations with good flexibility, so we think that the visibility on medium-term growth has improved, which has allowed us to improve cash generation estimates and keep the wacc we applied in 12%, despite the interest rate increase, which still includes the absence of debt and the limited size of the company.

Tier 1: DCF Group

CASH FLOW (EUR m)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Terminal
Net Sales	**7.5**	**9.5**	**10.9**	**10.0**	**12.9**	**17.1**	**18.3**	**21.8**	**25.7**	**29.1**	**34.9**	**37.3**	**39.6**	**43.7**	**46.0**	**50.5**	**53.2**	**58.1**	**59.3**
% change		*25.8%*	*14.9%*	*-7.9%*	*28.6%*	*32.8%*	*7.1%*	*19.2%*	*17.8%*	*13.2%*	*19.9%*	*7.1%*	*6.2%*	*10.3%*	*5.3%*	*9.7%*	*5.4%*	*9.2%*	*2.0%*
EBITDA	**0.7**	**1.3**	**1.2**	**1.2**	**1.4**	**2.2**	**1.9**	**3.1**	**3.5**	**4.1**	**5.0**	**5.6**	**5.9**	**6.6**	**7.0**	**7.7**	**8.1**	**8.9**	**9.1**
% margin	*9.6%*	*13.8%*	*10.9%*	*12.3%*	*11.2%*	*13.2%*	*10.4%*	*14.4%*	*13.7%*	*14.0%*	*14.4%*	*14.9%*	*15.0%*	*15.0%*	*15.1%*	*15.2%*	*15.3%*	*15.3%*	***15.3%***
% change		*81.1%*	*-9.3%*	*4.1%*	*17.5%*	*55.3%*	*-15.5%*	*65.8%*	*11.6%*	*16.1%*	*22.9%*	*11.1%*	*6.6%*	*10.8%*	*5.8%*	*10.2%*	*5.9%*	*9.6%*	*2.0%*
D&A	**0.1**	**0.2**	**0.3**	**0.3**	**0.3**	**0.7**	**0.9**	**0.9**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**0.9**	**0.9**	**0.9**	**0.9**
% sales	*0.9%*	*2.4%*	*2.6%*	*3.1%*	*2.4%*	*4.3%*	*4.7%*	*4.2%*	*3.8%*	*3.4%*	*2.9%*	*2.7%*	*2.5%*	*2.2%*	*2.1%*	*1.9%*	*1.7%*	*1.5%*	*1.5%*
EBITA	**0.7**	**1.1**	**0.9**	**0.9**	**1.1**	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.0**	**4.6**	**5.0**	**5.6**	**6.0**	**6.7**	**7.2**	**8.0**	**8.2**
% margin	*8.7%*	*11.5%*	*8.3%*	*9.2%*	*8.8%*	*8.9%*	*5.7%*	*10.3%*	*9.9%*	*10.6%*	*11.5%*	*12.2%*	*12.5%*	*12.8%*	*13.0%*	*13.3%*	*13.5%*	*13.8%*	*13.8%*
% change		*65.3%*	*-17.1%*	*2.9%*	*22.5%*	*34.4%*	*-31.7%*	*115.0%*	*13.4%*	*21.8%*	*30.0%*	*13.9%*	*8.4%*	*13.2%*	*7.1%*	*12.1%*	*7.0%*	*11.2%*	*2.2%*
Taxes	**-0.1**	**-0.2**	**-0.1**	**-0.2**	**-0.2**	**-0.2**	**-0.1**	**-0.4**	**-0.5**	**-0.6**	**-0.8**	**-0.9**	**-1.0**	**-1.2**	**-1.3**	**-1.4**	**-1.5**	**-1.7**	**-1.6**
Normative tax rate	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*
Actual tax rate	*11.5%*	*13.0%*	*20.0%*	*16.9%*	*18.6%*	*12.4%*	*9.6%*	*16.6%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*
NOPLAT	**0.6**	**0.9**	**0.8**	**0.8**	**0.9**	**1.3**	**0.9**	**1.9**	**2.0**	**2.5**	**3.2**	**3.6**	**3.9**	**4.4**	**4.7**	**5.3**	**5.7**	**6.3**	**6.5**
Depreciation & other provisions	0.1	0.2	0.3	0.3	0.3	0.7	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Gross Operating Cash Flow	**0.7**	**1.2**	**1.1**	**1.1**	**1.2**	**2.1**	**1.8**	**2.8**	**3.0**	**3.5**	**4.2**	**4.6**	**4.9**	**5.4**	**5.7**	**6.2**	**6.6**	**7.2**	**7.4**
Capex	0.0	-0.2	0.0	-0.3	-0.5	-1.5	-0.5	-0.7	-1.2	-0.9	-1.8	-0.9	-0.5	-1.6	-0.8	-1.5	-0.8	-1.5	-0.9
% sales	*0.0%*	*2.1%*	*0.2%*	*3.3%*	*3.8%*	*8.7%*	*2.7%*	*3.4%*	*4.6%*	*3.1%*	*5.0%*	*2.4%*	*1.2%*	*3.6%*	*1.7%*	*3.1%*	*1.5%*	*2.6%*	2.0%
Change in Net Working C.	0.0	-0.1	-0.4	-0.2	0.6	0.2	-1.5	1.5	-0.4	-0.4	-0.7	-0.4	-0.4	-0.6	-0.3	-0.5	-0.3	-0.5	-0.5
Cash Flow to be discounted	**0.7**	**0.9**	**0.6**	**0.5**	**1.3**	**0.9**	**-0.1**	**3.6**	**1.5**	**2.2**	**1.8**	**3.4**	**4.1**	**3.3**	**4.6**	**4.2**	**5.5**	**5.1**	**6.0**

GVC Gaesco Estimates

We estimate that the transformation of Ebitda into free cash flow on average in the years 2024-2033 will be around 58%, if there are no significant significant variations in working capital, as happened in 2022 and 2023 exceptionally.

WACC & DCF ANALYSIS					
Free Risk Rate (FRR)	3.5%	**Cumulated DCF (mEUR)**	**19.7**	**- Net Financial Debt 24 (mEUR)**	**3.6**
Company Risk Factor or Beta	1.89			- Minorities (estimated value)	0.0
Mkt Risk Premium (MRP)	4.5%	**Perpetual Growth (g)**	**2.0%**	+ Associates	**0.0**
Cost of Equity (Ke or COE)	**12.01%**	Normalised Annual CF	6.0	- Pension underfunding	0.0
Cost of Debt (gross)	4.25%	Terminal Value (TV)	77.0	- Off-balance sheet commitments	0.0
Debt tax rate *	25.0%	Disc. Rate of T.V.	0.34	+Capital increase	0.0
Cost of Debt net (Kd or COD)	**3.19%**	**Discounted T.V.**	**26.2**	**Equity Market Value (EUR m)**	**49.5**
Target gearing (D/E) or % Kd	0%	PV Fiscal credit	-	Number of shares (mll)	10
% Ke	100.0%	Financial assets	-	**Fair Value per share (EUR)**	**5.0**
Normative Tax Rate	**20%**	**Enterprise Value (EUR m)**	**45.9**	Price (EUR)	**3.1**
WACC	**12.0%**			***Potential upside (downside)***	***60.9%***

GVC Gaesco Estimates

We obtain a valuation of almost 50 mEUR for the company's equity and 5 EUR/share. The multipliers implicit with this valuation would be those shown in the following table, reflecting the largest multiples for growth in the size of the company.

TIER1: DCF Valuation Exit Multiples

	2021	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**
EV/Sales	2.7x	2.5x	2.1x	1.8x	1.6x	1.3x	1.2x	1.2x
EV/EBITDA	20.4x	24.2x	14.6x	13.1x	11.3x	9.2x	8.2x	7.7x
P/E	41.1x	55.6x	29.0x	24.7x	20.0x	15.3x	13.3x	12.1x

GVC Gaesco Valores Estimates

We have carried out a sensitivity analysis to the valuation variables g and wacc and to the long-term Ebitda margin with the following results:

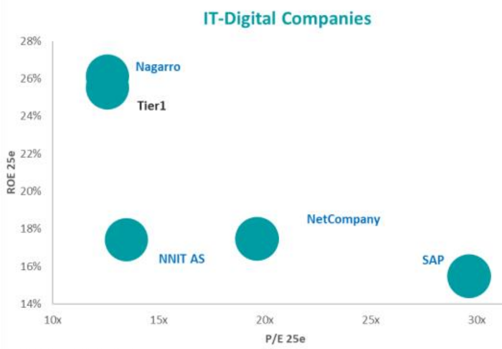
WACC	**Normalised EBITDA Margin**						
	9.3%	**11.3%**	**13.3%**	**15.3%**	**17.3%**	**19.3%**	**21.3%**
10.5%	4.4	4.8	5.2	**5.5**	5.9	6.3	6.6
11.0%	4.3	4.6	5.0	**5.3**	5.7	6.0	6.4
11.5%	4.1	4.5	4.8	**5.1**	5.5	5.8	6.1
12.0%	**4.0**	**4.3**	**4.6**	**5.0**	**5.3**	**5.6**	**5.9**
12.5%	3.9	4.2	4.5	**4.8**	5.1	5.4	5.7
13.0%	3.8	4.1	4.3	**4.6**	4.9	5.2	5.5
13.5%	3.7	3.9	4.2	**4.5**	4.8	5.0	5.3

WACC	**Perpetual growth rate (g)**						
	0.5%	**1.0%**	**1.5%**	**2.0%**	**2.5%**	**3.0%**	**3.5%**
10.5%	5.4	5.4	5.5	**5.5**	5.6	5.6	5.7
11.0%	5.2	5.2	5.3	**5.3**	5.4	5.4	5.5
11.5%	5.0	5.1	5.1	**5.1**	5.2	5.2	5.3
12.0%	**4.9**	**4.9**	**4.9**	**5.0**	**5.0**	**5.0**	**5.1**
12.5%	4.7	4.7	4.8	**4.8**	4.8	4.9	4.9
13.0%	4.6	4.6	4.6	**4.6**	4.7	4.7	4.7
13.5%	4.4	4.4	4.5	**4.5**	4.5	4.5	4.6

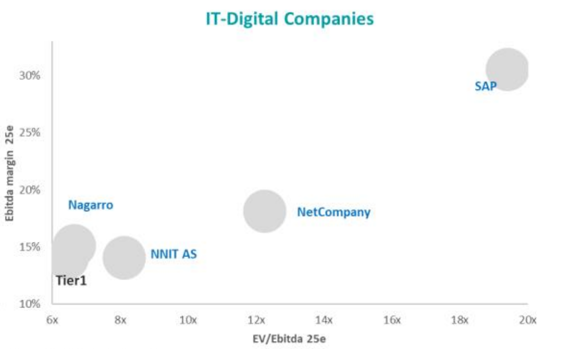
GVC Gaesco Estimates

Peer review: Tier1 well positioned in valuation and profitability

The universe of companies that we have used to compare with the company may include some that do not fit what Tier1 is today, but do fit what it may be in a few years with the evolution of its product portfolio. Therefore, this assessment can be useful to have an indication of what the evolution of the multipliers may be in the medium term. It should be borne in mind that there are global companies that carry out a wide range of activities, including the deployment and implementation of infrastructures, including those executed by Tier1 and other companies, for the construction of software and implementation of solutions, sometimes with highly scalable mono-product, which compare better with the activity of Comerzzia.



Facset. GVC Gaesco Valores



Facset. GVC Gaesco Valores

Two conclusions can be drawn from these comparisons. On the one hand, companies with a higher EBITDA margin are more valued. Those companies that have a margin close to or greater than 20% are valued with EV/EBITDA multipliers higher than 13x. However, there is no visible direct relationship between ROE level and P/E valuation, as the growth outlook seems to be valued, even if it is through acquisitions.

Tier1 has a relative attractiveness in valuation, with low multipliers in terms of P/E and EV/Ebitda. Its multiples, which are lower than the sectoral average, are not justified by the profitability of equity, which is one of the highest, or by financial situation (since it is one of the companies with the lowest levels of indebtedness). We expect that if the company continues to increase the share of revenue from its proprietary software and continues to demonstrate its ability to grow above the industry, there will be an increase in the multipliers that the market recognizes.

IT, Consulting, Software and Digital services companies

Company	Market Cap	EV/Ebitda		P/Sales		P/E		EV/Ebit		Ebitda Margin		ROE		Deuda/Ebita	
	mEUR	24e	25e	24e	25e	24e	25e	24e	25e	24e	25e	24e	25e	24e	25e
Atos	101	5.7x	4.9x	0.4x	0.4x	0.8x	0.7x	11.1x	9.6x	6.7%	8.5%			5.5x	4.8x
Capgemini	32,847	9.2x	8.2x	1.5x	1.3x	15.9x	14.4x	11.0x	9.6x	16.2%	16.5%	17.5%	17.4%	0.3x	-0.1x
cuatroochenta	32	19.0x	12.7x	1.4x	1.2x	38.7x	20.0x	38.0x	19.4x	7.4%	9.1%			3.2x	1.8x
Endava	1,610	12.7x	9.6x	1.8x	1.5x	20.8x	18.4x	15.5x	11.8x	13.8%	15.6%	10.5%	10.9%	-0.6x	-1.0x
Epam Sistems	9,891	10.6x	8.8x	1.8x	1.5x	18.2x	16.7x	11.6x	9.7x	16.9%	17.3%	15.2%	14.2%	-3.0x	-3.5x
Fujitsu	30,928	11.2x	10.2x	1.4x	1.3x	17.9x	17.5x	15.9x	13.8x	12.2%	13.2%	14.4%	13.9%	-0.4x	-0.4x
GFT	650	7.2x	6.0x	0.8x	0.7x	12.8x	10.5x	9.7x	7.6x	11.1%	11.4%	17.6%	18.3%	0.7x	0.3x
Globant	7,116	16.0x	13.3x	3.0x	2.5x	27.8x	23.5x	20.1x	16.9x	18.9%	19.1%	12.7%	12.9%	-0.6x	-0.9x
Indra	3,355	6.4x	5.5x	0.7x	0.6x	12.2x	11.0x	7.9x	6.7x	11.1%	11.5%	20.9%	19.6%	0.0x	-0.3x
Izertis	240	12.4x	10.1x	1.5x	1.3x	38.1x	26.8x	22.2x	17.2x	15.2%	15.3%	8.3%	10.9%	2.4x	1.9x
Leonardo	12,465	7.3x	6.3x	0.9x	0.8x	13.2x	12.4x	10.7x	8.9x	11.9%	12.5%	10.7%	10.4%	1.0x	0.7x
Nagarro	1,068	8.4x	6.7x	1.2x	1.0x	16.1x	12.6x	11.2x	8.6x	14.3%	15.1%	26.0%	25.5%	0.8x	0.3x
NetCompany	2,022	15.0x	12.3x	2.5x	2.2x	26.1x	19.6x	19.3x	15.5x	16.6%	18.1%	14.3%	17.5%	1.5x	1.1x
NNIT AS	352	12.3x	8.1x	1.4x	1.1x	21.6x	13.5x	14.7x	9.4x	11.1%	14.1%	13.2%	17.4%	0.0x	-0.5x
Oracle	367,551	14.9x	12.9x	8.2x	7.2x	22.9x	19.9x	18.5x	16.1x	54.7%	56.1%	96.0%	69.0%	2.5x	2.0x
Reply	5,099	12.9x	11.3x	2.1x	1.8x	24.1x	21.8x	15.7x	13.7x	16.0%	16.1%	16.4%	15.8%	-1.1x	-1.4x
SAP	227,519	26.6x	19.4x	6.7x	5.9x	40.6x	29.6x	29.3x	22.0x	25.2%	30.5%	12.3%	15.5%	0.0x	-0.4x
SGE	12,727	19.8x	17.3x	4.9x	4.3x	29.6x	26.0x	23.3x	20.0x	24.5%	25.2%	30.4%	29.2%	1.1x	0.6x
Sopra	3,859	5.7x	5.1x	0.7x	0.6x	9.8x	8.7x	7.3x	6.3x	12.6%	12.7%	18.2%	18.2%	0.9x	0.5x
Thales	31,847	11.1x	9.7x	1.7x	1.6x	17.5x	15.8x	14.6x	12.5x	15.7%	16.2%	23.9%	23.7%	1.0x	0.6x
Tier 1	31	7.8x	6.5x	1.2x	1.1x	15.5x	12.6x	10.9x	8.5x	13.7%	14.0%	26.7%	26.1%	-1.0x	-1.2x
Sector Median		**11.2x**	**9.6x**	**1.5x**	**1.3x**	**18.2x**	**16.7x**	**14.7x**	**11.8x**	**14.3%**	**15.3%**	**16.4%**	**17.4%**	**0.7x**	**0.3x**
Mean Comparable	**710**	**13.7x**	**11.2x**	**1.5x**	**1.2x**	**32.1x**	**19.8x**	**20.8x**	**16.3x**	**14.7%**	**15.2%**	**13.2%**	**17.4%**	**1.2x**	**0.7x**
Mean Mid-small	**2,940**	**11.4x**	**8.5x**	**1.6x**	**1.3x**	**19.9x**	**15.1x**	**13.1x**	**9.5x**	**15.1%**	**15.6%**	**15.8%**	**17.4%**	**0.4x**	**-0.1x**

Facset. GVC Gaesco Valores

ESG Focus

Tier1 is, by size, a company that still has limited ESG regulatory requirements and a low direct impact on the environment by nature of the business. Even so, there are some aspects of commitment to sustainability that we can mention:

- In terms of the environment: The company has the UNE-EN ISO 14001 environmental management certification from Aenor. This certification is a sign of the Tier1 group's commitment to environmental sustainability, through selected practices designed to reduce the company's impact on the planet and encourage continuous improvement.

- In Social: Tier1 collaborates in the integration of people with disabilities through the Valentín de Madariaga Foundation, and also supports the commemoration of Disability Day with Addeco. On the other hand, it sponsors a solitary paddle tennis with the Portaceli School and the University of Loyola and a solidarity Cross with the Hermandad del Carmen de San Juan de Aznalfarache.

  It also sponsors sport through the chess team of the Casa de Ajedrez de Sevilla and the youth football team of the David Castedo Sports Center.

  Other sponsorships include: a) Research and Universities such as the University of Seville's formula student team and culture with the sponsorship of Icónica Fest 2024, which is a music festival in Seville where 3rd concerts are held and where Tier1 is the event's technological partner with its software for Horeca Comerzzia Nextt.

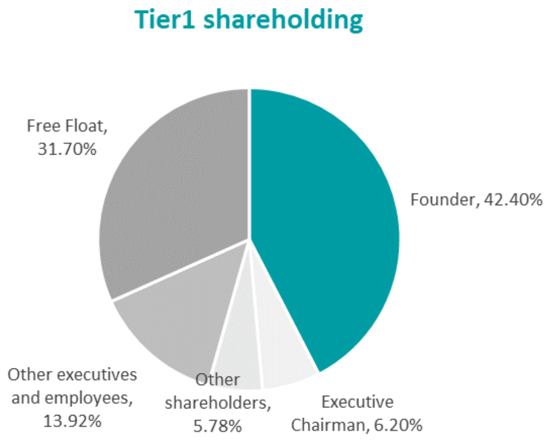
- In Governance: The structure and governing bodies are governed by ethical principles and values that guarantee transparency and best management practices for employees, customers and shareholders.

  The Board of Directors is made up of 6 directors, of which 3 are executives and 3 independents, of which one is a woman. The main executives are the President Eduardo Fuentesal, the Director of Strategy and main shareholder Javier Rubio and the General Director of Tier1, Leandro Gayango.

- The company's Free float is 31.37%, while the company's founder has 42.45% of the capital and the rest is distributed among Tier1 employees, mainly managers, which pursues committed management.

Shareholding and shareholders retribution

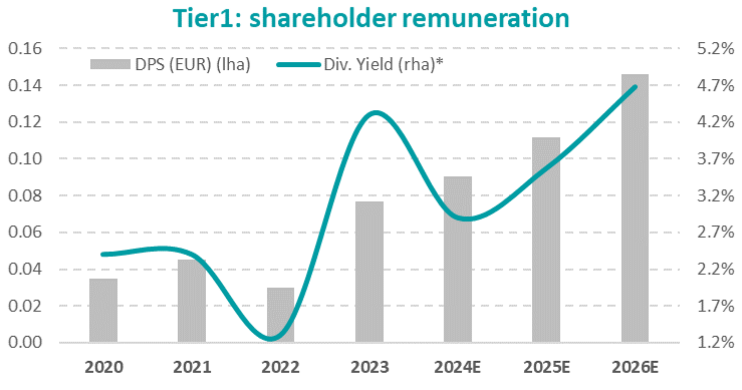
Tier1's shareholding has been progressively opened to new investors until reaching the current free float of 31.7%. The reason why the entry of these new shareholders has been progressive is that the entrance to the alternative market in 2018 was carried out through a listing of old shares without a capital increase or sale of shares, as the company's strong financial position has made it unnecessary to increase capital until now.



In the company's latest strategic plan, the company's management has indicated its intention to improve the liquidity of the stock by facilitating the entry of strategic investors and by relying on the intention of the main shareholder and founder of the company to reduce his stake from the current level to 20% (while remaining the main shareholder). This process will be carried out in an orderly manner, as the main objective is to broaden the shareholder base.

As mentioned above, as part of inorganic growth, the company does not rule out integration with industrial partners to drive growth and add value to the project, which would be another lever to increase the shareholder base and improve liquidity. Another option for increasing the shareholder base could be the exchange of minority stakes in subsidiaries for treasury shares.

A 50% pay-out is an exception in the sector



GVC Gaesco Valores. Tier1 * on avg price for historic and last for estimates

Tier1, has maintained in recent years a Pay Out of 45% of attributable profit to pay dividends. The payment of dividends seems unjustified in a sector with strong growth, but it is supported by the healthy financial situation (with net cash) that the company has maintained to date. We assume that if non-organic growth opportunities, larger than those we have considered and those realised to date, arise, this policy may be changed in the interest of further growth.

Tier1 Technology: Summary tables

PROFIT & LOSS (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Sales	**17.1**	**18.3**	**21.8**	**25.7**	**29.1**	**34.9**
Cost of Sales & Operating Costs	-14.8	-16.4	-18.7	-22.2	-25.0	-29.9
Non Recurrent Expenses/Income	-0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**2.2**	**1.9**	**3.1**	**3.5**	**4.1**	**5.0**
EBITDA (adj.)*	**2.3**	**1.9**	**3.1**	**3.5**	**4.1**	**5.0**
Depreciation	-0.7	-0.9	-0.9	-1.0	-1.0	-1.0
EBITA	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.0**
EBITA (adj)*	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.0**
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.0**
EBIT (adj.)*	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.0**
Net Financial Interest	-0.0	-0.0	-0.0	-0.0	0.0	0.0
Other Financials	-0.0	0.0	-0.0	0.0	0.0	0.0
Associates	0.0	0.0	-0.0	0.0	0.0	0.0
Other Non Recurrent Items	-0.0	-0.0	-0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**1.5**	**1.0**	**2.2**	**2.5**	**3.1**	**4.1**
Tax	-0.2	-0.1	-0.4	-0.5	-0.6	-0.8
Tax rate	*12.4%*	*9.6%*	*16.6%*	*20.0%*	*20.0%*	*20.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.1	-0.0	-0.1	0.0	0.0	0.0
Net Profit (reported)	**1.2**	**0.9**	**1.7**	**2.0**	**2.5**	**3.2**
Net Profit (adj.)	**1.2**	**0.9**	**1.7**	**2.0**	**2.5**	**3.2**

CASH FLOW (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Cash Flow from Operations before change in NWC	2.0	1.8	2.8	3.0	3.5	4.2
Change in Net Working Capital	0.2	-1.5	1.5	-0.4	-0.4	-0.7
Cash Flow from Operations	**2.2**	**0.3**	**4.3**	**2.6**	**3.1**	**3.6**
Capex	-0.4	-0.5	-0.5	-0.6	-0.7	-0.6
Net Financial Investments	-1.1	0.0	-0.2	-0.6	-0.3	-1.1
Free Cash Flow	**0.8**	**-0.2**	**3.5**	**1.4**	**2.2**	**1.8**
Dividends	-0.4	-0.5	-0.3	-0.8	-0.9	-1.1
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Financial Debt	**0.4**	**-0.6**	**3.2**	**0.6**	**1.2**	**0.7**
NOPLAT	1.2	0.8	1.8	2.0	2.5	3.2

BALANCE SHEET & OTHER ITEMS (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Tangible Assets	0.9	0.9	0.8	0.8	0.8	0.9
Net Intangible Assets (incl.Goodwill)	2.8	2.5	2.2	2.4	2.4	3.0
Net Financial Assets & Other	0.1	0.1	0.2	0.2	0.2	0.2
Total Fixed Assets	**3.8**	**3.5**	**3.3**	**3.5**	**3.4**	**4.2**
Inventories	0.0	0.3	0.2	0.3	0.3	0.4
Trade receivables	5.8	7.2	6.0	7.1	8.0	9.6
Other current assets	0.1	0.1	0.1	0.1	0.1	0.1
Cash (-)	-2.9	-1.7	-4.4	-4.4	-4.4	-4.4
Total Current Assets	**8.8**	**9.3**	**10.7**	**11.8**	**12.8**	**14.4**
Total Assets	**12.6**	**12.8**	**14.0**	**15.3**	**16.2**	**18.6**
Shareholders Equity	4.6	4.9	6.3	8.7	10.3	12.4
Minority	1.0	1.0	1.1	0.0	0.0	0.0
Total Equity	**5.6**	**5.9**	**7.5**	**8.7**	**10.3**	**12.4**
Long term interest bearing debt	1.7	1.4	1.0	0.3	-0.9	-1.6
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.6	0.4	0.3	0.3	0.3	0.3
Total Long Term Liabilities	**2.3**	**1.9**	**1.3**	**0.6**	**-0.6**	**-1.3**
Short term interest bearing debt	0.4	0.4	0.4	0.4	0.4	0.4
Trade payables	3.9	3.9	4.1	4.8	5.4	6.3
Other current liabilities	0.5	0.7	0.7	0.7	0.7	0.7
Total Current Liabilities	**4.8**	**5.1**	**5.2**	**6.0**	**6.5**	**7.5**
Total Liabilities and Shareholders' Equity	**12.6**	**12.8**	**14.0**	**15.3**	**16.2**	**18.6**
Net Capital Employed	**5.3**	**6.5**	**4.8**	**5.4**	**5.7**	**7.2**
Net Working Capital	**1.5**	**3.0**	**1.5**	**1.9**	**2.3**	**3.0**

GROWTH & MARGINS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Sales growth	*32.8%*	*7.1%*	*19.2%*	*17.8%*	*13.2%*	*19.9%*
EBITDA (adj.)* growth	***55.8%***	***-15.8%***	***65.8%***	***11.6%***	***16.1%***	***22.9%***
EBITA (adj.) growth*	*35.2%*	*-32.0%*	*115.0%*	*13.4%*	*21.8%*	*30.0%*
*EBIT (adj)*growth*	*34.9%*	*-32.0%*	*115.0%*	*13.4%*	*21.8%*	*30.0%*

Tier1 Technology: Summary tables

GROWTH & MARGINS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Profit growth	*43.2%*	*-26.4%*	*91.5%*	*17.6%*	*23.3%*	*31.0%*
EPS adj. growth	*43.2%*	*-26.4%*	*91.5%*	*17.6%*	*23.3%*	*31.0%*
DPS adj. growth	*28.6%*	*-33.3%*	*156.7%*	*17.5%*	*23.3%*	*31.0%*
EBITDA (adj) margin*	*13.2%*	*10.4%*	*14.4%*	*13.7%*	*14.0%*	*14.4%*
EBITA (adj) margin*	*8.9%*	*5.7%*	*10.3%*	*9.9%*	*10.6%*	*11.5%*
EBIT (adj) margin*	*8.9%*	*5.7%*	*10.3%*	*9.9%*	*10.6%*	*11.5%*

RATIOS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Debt/Equity	-0.1	0.0	-0.4	-0.4	-0.5	-0.4
Net Debt/EBITDA	-0.4	0.1	-0.9	-1.0	-1.2	-1.1
Interest cover (EBITDA/Fin.interest)	60.5	43.3	75.7	n.m.	n.m.	n.m.
Capex/D&A	54.1%	58.2%	59.6%	65.6%	66.0%	62.8%
Capex/Sales	2.3%	2.7%	2.5%	2.5%	2.2%	1.8%
NWC/Sales	9.0%	16.3%	6.9%	7.3%	7.9%	8.5%
ROE (average)	29.9%	18.8%	30.4%	26.7%	26.1%	28.6%
ROCE (adj.)	23.5%	13.0%	39.3%	39.4%	45.1%	46.4%
WACC	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
ROCE (adj.)/WACC	2.0	1.1	3.3	3.3	3.8	3.9

PER SHARE DATA (EUR)***	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Average diluted number of shares	10.0	10.0	10.0	10.0	10.0	10.0
EPS (reported)	0.12	0.09	0.17	0.20	0.25	0.32
EPS (adj.)	0.12	0.09	0.17	0.20	0.25	0.32
BVPS	0.46	0.49	0.63	0.87	1.03	1.24
DPS	0.05	0.03	0.08	0.09	0.11	0.15

VALUATION	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
EV/Sales	1.8	1.1	0.7	1.1	0.9	0.7
EV/EBITDA	13.9	10.3	4.8	7.8	6.4	5.1
EV/EBITDA (adj.)*	**13.9**	**10.3**	**4.8**	**7.8**	**6.4**	**5.1**
EV/EBITA	20.6	18.9	6.8	10.8	8.5	6.3
EV/EBITA (adj.)*	**20.5**	**18.9**	**6.8**	**10.8**	**8.5**	**6.3**
EV/EBIT	20.6	18.9	6.8	10.8	8.5	6.3
EV/EBIT (adj.)*	**20.5**	**18.9**	**6.8**	**10.8**	**8.5**	**6.3**
P/E (adj.)	**26.5**	**21.9**	**10.7**	**15.4**	**12.5**	**9.5**
P/BV	7.0	4.0	2.9	3.6	3.0	2.5
Total Yield Ratio	1.4%	1.5%	2.5%	2.9%	3.6%	4.7%
EV/CE	6.0	3.1	3.3	5.3	4.8	3.7
OpFCF yield	5.8%	-0.9%	20.4%	6.3%	7.7%	9.5%
OpFCF/EV	5.9%	-0.9%	24.4%	7.2%	9.2%	11.5%
Payout ratio	37.3%	33.7%	45.1%	45.0%	45.0%	45.0%
Dividend yield (gross)	1.4%	1.5%	2.5%	2.9%	3.6%	4.7%

EV AND MKT CAP (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Price** (EUR)	3.21	1.95	1.82	3.10	3.10	3.10
Outstanding number of shares for main stock	10.0	10.0	10.0	10.0	10.0	10.0
Total Market Cap	**32.1**	**19.5**	**18.2**	**31.0**	**31.0**	**31.0**
Gross Financial Debt (+)	2.1	1.9	1.4	0.8	-0.5	-1.2
Cash & Marketable Securities (-)	-2.9	-1.7	-4.4	-4.4	-4.4	-4.4
Net Financial Debt	**-0.8**	**0.2**	**-3.0**	**-3.6**	**-4.9**	**-5.6**
Lease Liabilities (+)						
Net Debt	**-0.8**	**0.2**	**-3.0**	**-3.6**	**-4.9**	**-5.6**
Other EV components	**0.0**	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**
Enterprise Value (EV adj.)	**31.3**	**19.6**	**15.2**	**27.4**	**26.1**	**25.4**

Source: Company, GVC Gaesco Valores estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

****EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.*

Sector: Technology/Computer Services

Company Description: IT Provider, with focus on the retail and distribution sector (>50% on renenues). The company obtain 30% of revenues from licences and services based on software owned by the Group.

European Coverage of the Members of ESN 1/2

Automobiles & Parts	**Mem(*)**	Richemont	CIC	Bonduelle	CIC	Cnh Industrial	BAK
Brembo	BAK	Smcp	CIC	Campari	BAK	Corticeira Amorim	CBI
Cie Automotive	GVC	Swatch Group	CIC	Carlsberg As-B	CIC	Ctt	CBI
Ferrari	BAK	Technogym	BAK	Danone	CIC	Danieli	BAK
Forvia	CIC	Trigano	CIC	Diageo	CIC	Dassault Aviation	CIC
Gestamp	GVC	Ubisoft	CIC	Ebro Foods	GVC	Datalogic	BAK
Landi Renzo	BAK	**Energy**	**Mem(*)**	Fleury Michon	CIC	De Nora	BAK
Michelin	CIC	Arverne Group	CIC	Heineken	CIC	Desa	GVC
Opmobility	CIC	Eni	BAK	Italian Wine Brands	BAK	Edenred	CIC
Pirelli & C.	BAK	Galp Energia	CBI	Lanson-Bcc	CIC	Elecnor	GVC
Renault	CIC	Gas Plus	BAK	Laurent Perrier	CIC	Elis	CIC
Sogefi	BAK	Gtt	CIC	Ldc	CIC	Enav	BAK
Stellantis	BAK	Maire	BAK	Lindt & Sprüngli	CIC	Enogia	CIC
Valeo	CIC	Maurel Et Prom	CIC	Nestle	CIC	Exel Industries	CIC
Banks	**Mem(*)**	Plc	BAK	Orsero	BAK	Fincantieri	BAK
Banco Sabadell	GVC	Repsol	GVC	Pernod Ricard	CIC	Getlink	CIC
Banco Santander	GVC	Rubis	CIC	Remy Cointreau	CIC	Global Dominion	GVC
Bankinter	GVC	Saipem	BAK	Tipiak	CIC	Haulotte Group	CIC
Bbva	GVC	Technip Energies	CIC	Viscofan	GVC	Interpump	BAK
Bnp Paribas	CIC	Tecnicas Reunidas	GVC	Vranken	CIC	Legrand	CIC
Caixabank	GVC	Tenaris	BAK	**Healthcare**	**Mem(*)**	Leonardo	BAK
Credem	BAK	Totalenergies	CIC	Amplifon	BAK	Lisi	CIC
Credit Agricole Sa	CIC	Vallourec	CIC	Atrys Health	GVC	Logista	GVC
Intesa Sanpaolo	BAK	Viridien	CIC	Biomerieux	CIC	Magis	BAK
Societe Generale	CIC	**Fin. Serv. Holdings**	**Mem(*)**	Diasorin	BAK	Manitou	CIC
Unicaja Banco	GVC	Cir	BAK	El.En.	BAK	Nbi Bearings Europe	GVC
Basic Resources	**Mem(*)**	Corp. Financiera Alba	GVC	Essilorluxottica	CIC	Nexans	CIC
Acerinox	GVC	Eurazeo	CIC	Eurofins	CIC	Nicolas Correa	GVC
Altri	CBI	First Capital	BAK	Fine Foods	BAK	Osai	BAK
Arcelormittal	GVC	Gbl	CIC	Genfit	CIC	Prosegur	GVC
Ence	GVC	Peugeot Invest	CIC	Guerbet	CIC	Prosegur Cash	GVC
The Navigator Company	CBI	Tip Tamburi Investment Partners	BAK	Imd	BAK	Prysmian	BAK
Tubacex	GVC	Wendel	CIC	Ipsen	CIC	Rexel	CIC
Chemicals	**Mem(*)**	**Fin. Serv. Industrials**	**Mem(*)**	Prim Sa	GVC	Saes	BAK
Air Liquide	CIC	Dovalue	BAK	Recordati	BAK	Safran	CIC
Arkema	CIC	Euronext	CIC	Sanofi	CIC	Salcef	BAK
Consumer Products & Svcs	**Mem(*)**	Nexi	BAK	Sartorius Stedim	CIC	Schneider Electric Se	CIC
Abeo	CIC	Tinexta	BAK	Vetoquinol	CIC	Sgs	CIC
Beneteau	CIC	**Financial Services Banks**	**Mem(*)**	Virbac	CIC	Talgo	GVC
Capelli	CIC	Amundi	CIC	Vytrus Biotech	GVC	Teleperformance	CIC
De Longhi	BAK	Anima	BAK	**Industrial Goods & Services**	**Mem(*)**	Thales	CIC
Dexelance	BAK	Azimut	BAK	Airbus Se	CIC	Tikehau Capital	CIC
Fila	BAK	Banca Generali	BAK	Alstom	CIC	Verallia	CIC
Geox	BAK	Banca Ifis	BAK	Antin Infrastructure	CIC	Vidrala	GVC
Givaudan	CIC	Banca Mediolanum	BAK	Applus	GVC	Zignago Vetro	BAK
Groupe Seb	CIC	Banca Sistema	BAK	Arteche	GVC	**Insurance**	**Mem(*)**
Hermes Intl.	CIC	Bff Bank	BAK	Avio	BAK	Axa	CIC
Hexaom	CIC	Dws	CIC	Biesse	BAK	Catalana Occidente	GVC
Interparfums	CIC	Finecobank	BAK	Bollore	CIC	Generali	BAK
Kaufman & Broad	IAC	Generalfinance	BAK	Bureau Veritas	CIC	Linea Directa Aseguradora	GVC
Kering	CIC	Illimity Bank	BAK	Caf	GVC	Mapfre	GVC
L'Oreal	CIC	Mediobanca	BAK	Catenon	GVC	Revo Insurance	BAK
Lvmh	CIC	Poste Italiane	BAK	Cellnex Telecom	GVC	**Materials, Construction**	**Mem(*)**
Maisons Du Monde	CIC	**Food & Beverage**	**Mem(*)**	Cembre	BAK	Abp Nocivelli	BAK
Ovs	BAK	Ab Inbev	CIC	Chargeurs	CIC	Acs	GVC
Piaggio	BAK	Advini	CIC	Clasquin	IAC	Aena	GVC

20 June 2024

European Coverage of the Members of ESN 2/2

Ariston Holding	BAK	Unilever	CIC	I Grandi Viaggi	BAK
Buzzi	BAK	Winfarm	CIC	Ibersol	CBI
Cementir	BAK	**Real Estate**	**Mem(*)**	Int. Airlines Group	GVC
Cementos Molins	GVC	Igd	BAK	Lottomatica Group	BAK
Clerhp Estructuras	GVC	Inmobiliaria Colonial	GVC	Melia Hotels International	GVC
Crh	CIC	Inversa Prime	GVC	Nh Hotel Group	GVC
Eiffage	CIC	Ktesios Socimi	GVC	Pluxee	CIC
Fcc	GVC	Lar España	GVC	Sicily By Car	BAK
Ferrovial	GVC	Merlin Properties	GVC	Sodexo	CIC
Fluidra	GVC	Realia	GVC	**Utilities**	**Mem(*)**
Groupe Adp	CIC	**Retail**	**Mem(*)**	A2A	BAK
Groupe Poujoulat	CIC	Aramis Group	CIC	Acciona	GVC
Heidelberg Materials	CIC	Burberry	CIC	Acciona Energia	GVC
Herige	CIC	Fnac Darty	CIC	Acea	BAK
Holcim	CIC	Inditex	GVC	Audax	GVC
Imerys	CIC	Unieuro	BAK	Derichebourg	CIC
Mota Engil	CBI	**Technology**	**Mem(*)**	Edp	CBI
Obras con Huarte Lain	GVC	Agile Content	GVC	Enagas	GVC
Sacyr	GVC	Almawave	BAK	Encavis Ag	CIC
Saint-Gobain	CIC	Alten	CIC	Endesa	GVC
Sergeferrari Group	CIC	Amadeus	GVC	Enel	BAK
Sika	CIC	Atos	CIC	Engie	CIC
Spie	CIC	Axway Software	CIC	Erg	BAK
Tarkett	CIC	Capgemini	CIC	Greenvolt	CBI
Thermador Groupe	CIC	Dassault Systemes	CIC	Hera	BAK
Vicat	CIC	Digital Value	BAK	Holaluz	GVC
Vinci	CIC	Gigas Hosting	GVC	Iberdrola	GVC
Webuild	BAK	Gpi	BAK	Iren	BAK
Media	**Mem(*)**	Indra Sistemas	GVC	Italgas	BAK
Arnoldo Mondadori Editore	BAK	Izertis	GVC	Naturgy	GVC
Atresmedia	GVC	Lleida.Net	GVC	Neoen	CIC
Believe	CIC	Neurones	CIC	Redeia	GVC
Deezer	CIC	Ovhcloud	CIC	Ren	CBI
Digital Bros	BAK	Sopra Steria Group	CIC	Seche Environnement	CIC
Fill Up Media	CIC	Spindox	BAK	Snam	BAK
Gl Events	CIC	Stmicroelectronics	BAK	Solaria	GVC
Il Sole 24 Ore	BAK	Technoprobe	BAK	Terna	BAK
Ipsos	CIC	Tier1 Technology	GVC	Veolia	CIC
Jcdecaux	CIC	Visiativ	CIC	Voltalia	CIC
Lagardere	CIC	Vogo	CIC		
M6	CIC	Worldline	CIC		
Mfegroup	GVC	**Telecommunications**	**Mem(*)**		
Nrj Group	CIC	Bouygues	CIC		
Prisa	GVC	Nos	CBI		
Publicis	CIC	Orange	CIC		
Tf1	CIC	Parlem Telecom	GVC		
Universal Music Group	CIC	Telefonica	GVC		
Vivendi	CIC	Unidata	BAK		
Vocento	GVC	**Travel & Leisure**	**Mem(*)**		
P.Care, Drug & Grocery St.	**Mem(*)**	Accor	CIC		
Bic	CIC	Compagnie Des Alpes	CIC		
Carrefour	CIC	Edreams Odigeo	GVC		
Casino	CIC	Elior	CIC		
Jeronimo Martins	CBI	Fdj	CIC		
Marr	BAK	Groupe Partouche	IAC		
Sonae	CBI	Hunyvers	CIC		

20 June 2024

LEGEND:	BAK: Akros Banking	CIC: CIC Market Solutions	CBI: Caixa-Banco de Investimento	GVC: GVC Gaesco Valores

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

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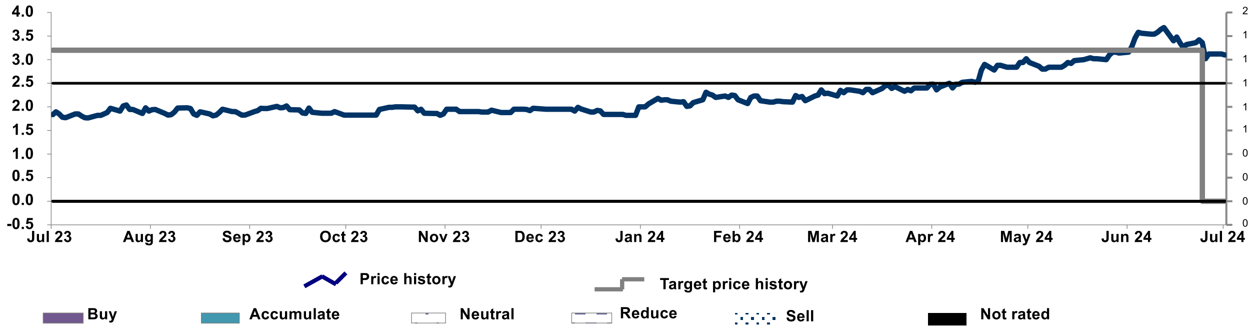
Recommendation history for TIER1 TECHNOLOGY

Date	Recommendation	Target price	Price at change date
26-Jun-24	Buy	0.00	3.36
05-May-23	Buy	3.20	1.90
05-May-22	Buy	3.40	2.85

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Victor Peiro Pérez (since 21/10/2019)



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The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible for the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements such as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.

SELL	REDUCE	NEUTRAL	ACCUMULATE	BUY

-15% -5% 5% 15%

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR),** as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12 months
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Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

GVC Gaesco Valores, S.V., S.A.Ratings Breakdown

Recommendation	Nr.of stocks covered	%
Buy	60	76%
Accumulate	8	10%
Neutral	9	11%
Reduce	1	1%
Sell	1	1%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	11	92%
Accumulate	0	0%
Neutral	1	8%
Reduce	0	0%
Sell	0	0%

ESN Ratings Breakdown

Recommendation	Nr.of stocks covered	%
Buy	230	66%
Accumulate	24	7%
Neutral	87	25%
Reduce	1	0%
Sell	4	1%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	34	79%
Accumulate	2	5%
Neutral	7	16%
Reduce	0	0%
Sell	0	0%

For full ESN Recommendation and Target price history (in the last 12 months), please see ESN Website Link

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