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Axon Partners Group

EQUITY - SPAIN
Sector: Software

Closing price: EUR 18.60 (20 Dec 2024)
Report date: 23 Dec 2024 (9:30h)

Initiation of Coverage
Independent Equity Research

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Axon Partners Group (APG) It is a small size company with headquarters in Madrid (Spain), dedicated to providing consulting services and investing in alternative assets with a focus on technology. With a significant international presence (>90% of consulting revenues), it also has EUR 596Mn of assets under management in 1H24. It is managed and controlled by Francisco Velázquez, Alfonso de León and Dimitri Kallinis (84% of the capital).

Market Data

Market Cap (Mn EUR and USD)	98.7	102.7
EV (Mn EUR and USD) (1)	76.4	79.4
Shares Outstanding (Mn)	5.3	
-12m (Max/Med/Mín EUR)	18.60 / 15.07 / 13.90	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation(2)	0.8	
Factset / Bloomberg	APG-ES / APG SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Velázquez	38.8
Alfonso de León	30.9
Dimitri Kallinis	14.3
Mutualidad Abogacía Española	3.9
Free Float	12.1

Financials (Mn EUR)	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	5.2	5.3	5.3	5.3
Total Revenues	19.9	22.4	27.4	30.5
Rec. EBITDA	5.8	6.7	9.0	10.3
% growth	*7.0*	*15.9*	*33.9*	*15.1*
% Rec. EBITDA/Rev.	*29.1*	*30.0*	*32.8*	*33.9*
% Inc. EBITDA sector(3)	*17.8*	*5.9*	*15.7*	*14.9*
Net Profit	4.1	5.2	6.6	7.4
EPS (EUR)	0.80	0.99	1.24	1.40
% growth	*-11.8*	*23.0*	*25.4*	*13.0*
Ord. EPS (EUR)	0.80	0.99	1.24	1.40
% growth	*-14.3*	*22.5*	*25.4*	*13.0*
Rec. Free Cash Flow(4)	5.6	4.9	5.7	7.2
Pay-out (%)	*78.1*	*75.0*	*75.0*	*75.0*
DPS (EUR)	0.63	0.74	0.93	1.05
Net financial debt	-7.6	-8.6	-9.4	-11.0
ND/Rec. EBITDA (x)	-1.3	-1.3	-1.0	-1.1
ROE (%)	*22.2*	*24.9*	*29.1*	*30.5*
ROCE (%)(4)	*141.4*	*187.6*	*204.6*	*198.1*

Ratios & Multiples (x)(5)				
P/E	23.2	18.9	15.0	13.3
Ord. P/E	23.1	18.9	15.0	13.3
P/BV	4.8	4.5	4.2	3.9
Dividend Yield (%)	*3.4*	*4.0*	*5.0*	*5.6*
EV/Sales	3.84	3.41	2.79	2.50
EV/Rec. EBITDA	13.2	11.4	8.5	7.4
EV/EBIT	13.5	11.6	8.6	7.5
FCF Yield (%)(4)	*5.7*	*4.9*	*5.8*	*7.3*

(1) Please refer to Appendix 3.
(2) Rotation is the % of the capitalisation traded - 12m.
(3) Sector: Stoxx Europe 600 Technology.
(4) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
(5) Multiples and ratios calculated over prices at the date of this report.

A rare find!!

PROVEN SYNERGIES BETWEEN CONSULTANCY AND TECH INVESTMENT… The synergies between consultancy and tech investment have created a virtuous circle, driving double-digit growth since 2019 (CAGR 2019-2023: revenue +20.8%; recurring EBITDA +46.0%). The revenue mix is: Consultancy (58.1%), Investment (37.5%), and Finizens (4.4%).

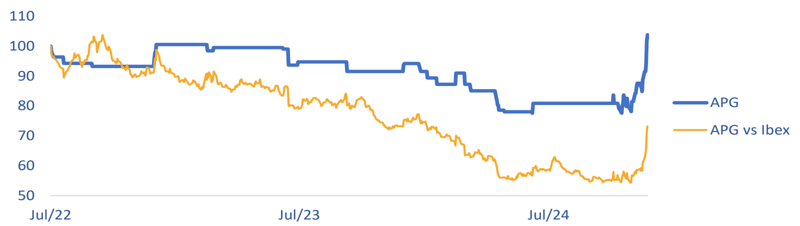
…AND HIGH PROFITABILITY. APG saw strong margin expansion in the 2019-23 period, achieving a recurring EBITDA margin of c.29% in 2023 (13.7% in 2019). The company has also maximised returns (ROCE > 50% and ROE > 20% on average over the last five years). Thanks to its 'cost-light' operating model, APG has been able to convert >70% (average for the last five years) of recurring EBITDA into net profit (and c.65% into FCF 2024e).

COMMITMENT TO SHAREHOLDER REMUNERATION. Both the consultancy and investment management businesses are 'cost-light' (no CAPEX) so they generate abundant cash, allowing APG to return almost all the FCF generated to shareholders (cumulative payout last five years: 87%). Additionally, the company has a strong financial position (net cash of EUR 7.6Mn in 2023 vs EUR 1.8Mn in 2019). Since 2022, APG has a target payout of 75%.

ABILITY TO SUSTAIN EBITDA GROWTH OF > 20% P.A. TO 2026. We expect the factors underpinning growth over the last five years to remain intact: expansion in markets adjacent to Saudi Arabia (67% of consultancy revenue in 2023) and new public and private fundraising, with committed capital reaching EUR 950Mn in 2026e (vs EUR 595Mn in 2023). Our estimates call for a CAGR 2023-26e for consolidated revenue of +15.4%. We also expect the more profitable revenue mix to boost margins (EBITDA margin 2026e: c.34%). In turn, this should trigger strong growth in EBITDA (CAGR 2023-26e: +21.3%), as well as in net profit and dividends, which should become tangible as of 2025e (dividend yield: 5%).

A UNIQUE WAY TO INVEST AND A PROVEN TRACK RECORD OF (OBJECTIVE AND REAL) STRONG GROWTH. APG is unquestionably enjoying excellent momentum at present, highlighted by the jump in FCF yield (7.3% in 2026e). The company presents a unique value proposition for tech investors. Its equity story is based on its proven ability to attract new capital for its investment division. The shares are currently trading at an EV/EBITDA 2024e multiple of 11.4x (8.5x, 2025e; well below both its consultancy and alternative investment comps). It really looks like a rare find!

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	25.7	28.3	13.4	10.2	n.a.	n.a.
vs Ibex 35	27.0	31.5	-0.1	-3.0	n.a.	n.a.
vs Ibex Small Cap Index	22.7	30.5	11.2	8.5	n.a.	n.a.
vs Eurostoxx 50	22.2	28.5	5.7	2.4	n.a.	n.a.
vs Sector benchmark(3)	17.0	24.8	6.5	2.8	n.a.	n.a.

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

Axon Partners Group (APG) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

An atypical business model and growth story (CAGR 2023-26e: +15.4%). Fresh fundraising is the key to the equity story

Axon Partners Group (APG) is a small Spanish enterprise (mkt. cap.: EUR 98.7Mn) based in Madrid. It was set up in 2012. It provides consultancy services and invests in alternative assets with a focus on the technology sector. Alfonso de León, Francisco Velázquez and Dimitri Kallinis (co-CEOs) own 84% of the company. APG listed on BME Growth in July 2022.

Founded in 2012, APG specialises in tech consultancy and investments…

It is the only company in Spain to combine the consultancy and investment businesses, making it an atypical business model. This combination gives it a unique position in the tech investment sector and counteracts the cyclicality of the consultancy business. APG has a strong international focus: c.97% of its consultancy revenue is generated outside of Spain. In addition, APG has a direct shareholding of 24.4% in Finizens (an investee it nevertheless controls and therefore fully consolidates), a leading platform in automated indexed portfolio management, i.e., a robo-advisor.

…. with a cost-light business model which generates abundant FCF

APG has proven its ability to eke out profitable growth and maintain a solid financial structure (presenting a net cash position since 2019). Its business model implies diversified revenue streams and a strategic focus on fast-growing markets, so mitigating risks and positioning it to capitalise on trends around emerging technologies. Its operating efficiency allows it to remunerate its shareholders handsomely (average payout - 5y: >70%). In 2022, the company committed to distributing 75% of profit before tax from its consultancy and investment divisions. APG is well positioned for ongoing growth and margin expansion in the medium term, making it a unique play in the technology sector.

A) 2019-2023: Double-digit growth in both lines: consultancy (CAGR 2019-23: +13.8%) and investment (CAGR 2019-23: +36.4%). And the rollout of Finizens.

The virtuous circle created by its exposure of consultancy and investment makes APG a unique play

In 2023, consolidated revenue amounted to EUR 19.9Mn (vs EUR 17.7Mn in 2022), divided between consultancy (58.1%), investment (37.5%) and Finizens (4.4%). The combination of consultancy and investment activities creates a virtuous circle which explains the company's performance in recent years: the expertise and know-how obtained in consultancy projects allow it to identify investment opportunities and key trends affecting the main technology players; meanwhile, the know-how acquired directly by the investment arm from its investees translates into recommendations that can later be used in strategic consultancy projects. APG has proven its ability to deliver double-digit growth in consolidated revenue between 2019 and 2023 (CAGR: +20.8%). By business line:

Saudi Arabia is APG's most important consultancy market

- **Technology consultancy (58.1% of revenue in 2023):** focused on a broad range of services articulated around the implementation of emerging technologies. APG is specialised in areas such as cybersecurity, artificial intelligence, regulations and digital transformation. It boasts a highly diversified roster of (public and private) clients. Some 97.9% of revenue in this division hails from international markets, the most important being the Middle East (61.7% of revenue). Its international footprint, coupled with its service specialisation, allows it opt for high-value contracts, as is borne out by the fact that revenue per consultant (on a full-time employee basis) stood at EUR 244k in 2023 (vs EUR 220k in 2022; c. EUR 130k at the Big 4 and USD 394k at McKinsey, BCG and Bain).

APG's successful investment track record has facilitated fundraising

- **Alternative investments in the tech sector (37.5% of revenue in 2023):** Through diversified funds, APG invests in high-growth private equity assets with a focus on technology via: (i) direct investments focused on the energy transition or technological innovation; and (ii) funds of funds specialised in technology. Committed capital has been key to increasing brand recognition in the marketplace, boosting investor confidence and increasing APG's fundraising wherewithal. At year-end 2023, committed capital stood at EUR 595Mn (vs EUR 156Mn in 2019).

Finizens should break even in 2024e

- **Finizens, a passive management robo-advisor (4.4% of revenue in 2023):** a digital platform specialised in the passive management of indexed portfolios which uses advanced robo-advisor technology to offer efficient, low-cost investment solutions. It ended 2023 with EUR 400Mn of assets under management. We expect Finizens to break even for the first time in 2024e.

In the last five years, the investment line has been the fastest-growing division (CAGR 2019-23: +37.5%; vs 13.8% in the consultancy line), driven by growth in committed capital. In 2023 this business accounted for 37.5% of revenue (vs 23.1% in 2019).

Proven ability to expand margins (EBITDA margin 2023: 29% vs 13.7% in 2019)

The higher EBITDA margin fetched by the investment line (average -4y: c.45%) has translated into gradual growth in the consolidated EBITDA margin to 29% in 2023 (vs 13.7% in 2019).

High EBITDA-to-recurring FCF conversion ratio (>50%)

A cost-light structure that generates abundant cash. By their very nature, services businesses such as the consultancy and asset management businesses generate high margins and lots of cash. Indeed, >50% of APG's EBITDA gets converted into cash, thanks to its low CAPEX requirement. This has been essential to allowing APG to present a net cash position consistently since 2019, as well as a high payout for the last five years. Since 2019, APG has paid out a total of EUR 13.3Mn in dividends, implying a cumulative payout of 87%, evidencing the company's firm and feasible shareholder remuneration commitment.

APG's performance for the last five years has been (objectively) exceptional in terms of growth and profitability. Just one question remains: Is what we have seen so far sustainable?

B) 2023-2026e: ongoing double-digit growth (CAGR 2023-26e: +15.4%) with scope for further margin expansion. CAGR EBITDA 23e-26e: +21.3%

The business environment looks promising for APG

The business environment looks promising for APG. We think that the drivers underpinning its performance over the last four years will remain in place for the coming years. Its track record to date should allow APG to accelerate its ability to raise funds, taking advantage of abundant public capital not yet under management (NGEU funds). APG also stands to mine its increasingly strong positioning and presence in markets in which the technology consultancy business looks set for strong growth (Saudi Arabia, Qatar).

All of which framed by an apparently clearcut opportunity to leverage that growth to eke out profitability gains. Our projections for 2024e-2026e are based on the following assumptions:

The alternative investment division should be the main growth driver until 2026e

- **The alternative investment division should be the main growth driver (CAGR 2023-26e: +21.5%)...** for two reasons: (i) the opportunity to raise new public and private capital to put AuM at EUR 950Mn by 2026e (vs EUR 595Mn in 2023); and (ii) growth in average fees derived from the growing weight of direct investment funds (with higher fees relative to the funds of funds). The consultancy line is also poised for growth, mainly via the penetration of new markets close to Saudi Arabia (e.g., Qatar). Our estimates call for growth in consolidated revenue (CAGR 2023-26e: +15.4%) to EUR 30.5Mn in 2026e.

Scope for further margin expansion

- **...this also being the main reason for ongoing margin expansion.** We think APG will be able to increase (in line with the trend observed -4y) its recurring EBITDA margin to 33.9% in 2026e (vs 29.1% in 2023). Mainly thanks to: (i) the growing weight of the investment line (EBITDA margin c. 45% vs 25% in consultancy) in the revenue mix to 43.8% of the total in 2026e (vs 37.5% in 2023); and (ii) the fact that Finizens, which has been presenting small losses until now, is expected to break even in 2024e. We are projecting recurring EBITDA of EUR 10.3Mn in 2026e (vs EUR 5.8Mn in 2023).

- **Cash generation is the value-adding key to the equity story.** This is essential to maintaining the current net cash position and funding the payment of dividends. The growth in recurring EBITDA (CAGR 2023-26e: +21.3%) will continue to fuel cash generation. We are forecasting recurring FCF of EUR 4.9Mn in 2024e, rising to EUR 7.2Mn by 2026e. That will in turn allow APG to increase its position in new or existing funds.

Committed to paying out 75% of PBT from consultancy + investment

- **Commitment to shareholder remuneration.** APG is committed to distributing 75% of profit before tax from its consultancy and investment business lines (ex-Finizens). With Finizens (fully consolidated) on track to reach breakeven in 2024e, dividend growth should be in line net profit growth (CAGR 2023-26e: +21.5%). We are projecting an average effective payout relative to net profit of 75% in 2024e-2026e.

What about 2024e? Looking strictly at 2024e, we are estimating consolidated revenue of EUR 22.4Mn (+12.5% vs 2023), recurring EBITDA of EUR 6.7Mn (recurring EBITDA margin of 30%; +0.9pp vs 2023) and a net profit of EUR 5.2Mn (vs EUR 4.1Mn in 2023). And we think APG will maintain a net cash position of EUR 8.6Mn (net cash/recurring EBITDA 2024e: 1.2x).

We are, therefore, looking at a well-diversified business (in terms of services, markets and clients) with prospects for strong and profitable growth, along with a remarkable ability to convert EBITDA into free cash flow. This is key as it reinforces the company's financial stability while enabling a high and sustainable dividend and, more importantly, creating value. For 2024e-2026e, we are estimating cumulative FCF to Equity of EUR 17.8Mn at a company with a market cap. of EUR 98.7Mn and net cash of EUR 5.2Mn (1H24).

C) In conclusion: a unique combination of businesses (consultancy and tech investments) poised for particularly favourable momentum in 2025e-2026e (EBITDA and FCF: c.+20%/year). In addition to low risks (operating and financial).

A business combination that makes APG a "rare bird"

APG's business mix makes it a rare bird in the Spanish equity market. Its business model is unique and resilient. In our opinion, the growth trajectory that has materialised in recent years, unlocked mainly by a remarkable ramp-up of the investment business, should continue. APG's business model can be summed up into three key aspects:

- **Proven growth track record since 2019.** The combination of the consultancy and investment activities has translated into significant, and more importantly, sustained growth in revenue and profitability in the last five years (including 2020). This proves APG's ability to scale up its business and generate value on a sustained basis.

The theoretical synergies have already materialised

- **Theoretical synergies that have already materialised in revenue and costs.** Despite the fact that the synergies between the two businesses might seem theoretical on paper, APG has already proven that the complementary nature of its consultancy and investment businesses enhances its ability to generate revenue growth (ability to take advantage of the opportunities that arise in the two areas) and reduce costs (leveraging economies of scale and sharing resources between the two areas).

- **Business risks mitigated by diversification and the stability lent by the investment arm.** The combination of a cyclical business like consultancy with a recurring and stable business like the alternative investment arm reduces the model's overall risk considerably. It mitigates the impact of economic cycles on the consultancy area, creating a balance that reinforces earnings visibility and sustainability in the medium term.

A unique way to invest in tech

In short, a unique investment play in technology via a business combination that reduces risk without renouncing high growth. The opportunity presented by APG provides unique exposure to a wide spectrum of areas of the technology sector, ranging from cybersecurity and artificial intelligence to high-growth tech companies. APG's ability to extend its strong investment track record (average portfolio IRR of 28% and MOIC - Multiple on Invested Capital of 2.3x) will be essential to its ability to continue to raise new funds (the key to the equity story) and set the tone in the investment line.

Although the business model could be a double-edged sword for valuation purposes…

The combination of businesses is a double-edged sword in valuation terms for two reasons: (i) the unusualness of the business model implies a lack of true comparables (i.e., companies with a presence in both business lines); and (ii) any business that combines different activities is subject to a potential conglomerate discount (a penalty for having distinct businesses within a given company). However, APG's numbers for the last five years (high growth, abundant FCF generation, higher dividend payout and yield) are the best argument against the "temptation" to apply a conglomerate discount to this stock. The fact is that APG's atypical business combination has proven truly synergistic.

…as it exposes APG to a potential conglomerate discount

A valuation exercise based on EV/EBITDA multiples for 2024 should be based on comparable multiples for consultancy firms (Accenture, Marsh McLennan, CAP Gemini, Booz Allen, Sopra Steria Group, Wavestone), which average 12.5x, and for alternative investment firms (Bridgepoint Group, Tikehau Capital, EQT, TPG), which average 13.9x.

That methodology translates into an aggregate equity value (excluding Finizens) for APG (adjusting for net cash, non-controlling interests and other long-term liabilities) of c.EUR 91Mn. If we add the value of the stake in Finizens EUR 6.6Mn equals the company's market cap and, put very simply, means that investors are getting the investment in its own private equity funds for free.

That in itself is powerful and positive signal that the company is undervalued. Particularly considering the fact that this is a "back of the envelope" valuation exercise based on estimates for 2024 and therefore does not price in the sharp growth estimated in consolidated EBITDA in 2025e (+34%).

In short, the current momentum at APG is undeniable...

In short, the current momentum at APG is undeniable. The business model, which combines technology consultancy and investment, has proven highly effective and synergistic. This translates into a unique value proposition for investors, who can gain access into a burgeoning sector through both direct investment in APG and the funds it manages. All of which framed by an attractive dividend policy which implies an estimated yield of 5% in 2025e.

… with a low-risk business model that is delivering growth and plenty of FCF
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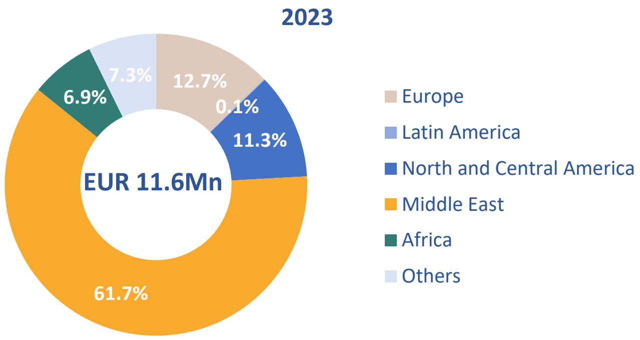
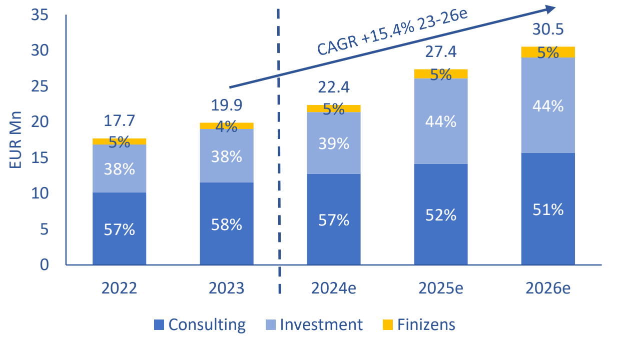
In light of the company's "numbers" over the last five years, all signs indicate that APG's business model is effective at what counts: FCF generation coupled with low risks. APG's ability to grow, which we expect to continue in 2025e-2026e, is not priced in. At least not in terms of the multiples fetched by its comps, which are growing more slowly than APG, in both consultancy and alternative investment, and incurring more risk in the process. That sounds like the start of an investment thesis…

The company in 8 charts

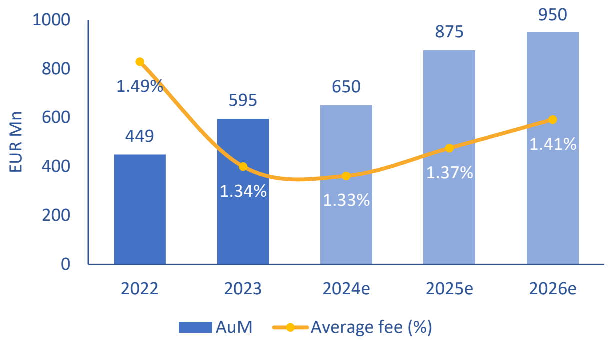
A diversified consultancy business with an international footprint (Middle East 62% de los ingresos 2023)



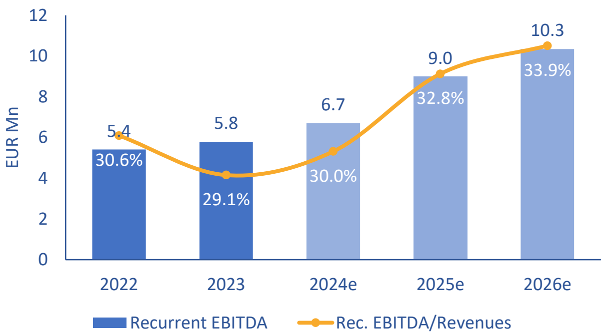
We estimate an increase of the (higher margin) investment business in the mix (cons. revenue: CAGR +15.4% 23-26e)...



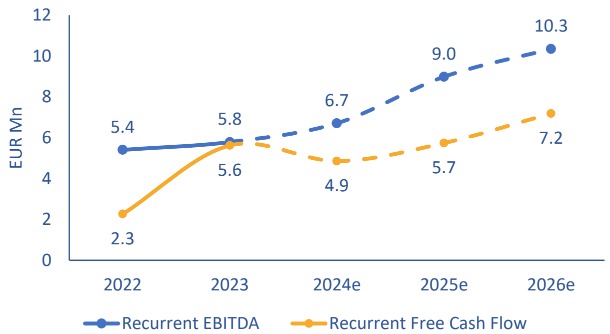
...driven primarily by raising new funds that increase AuM (EUR 950Mn in 2026e vs EUR 595Mn in 2023)...



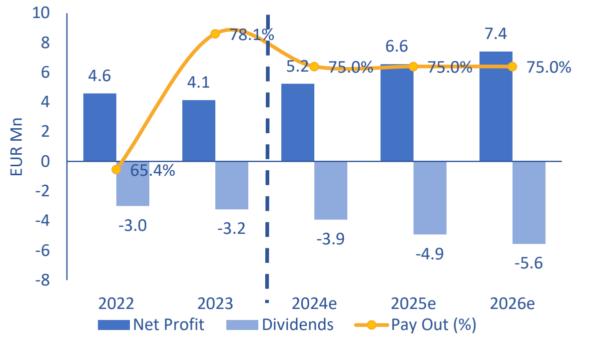
...resulting in strong margin expansion (EBITDA margin 2026e 2026e 34% vs 29% in 2023)



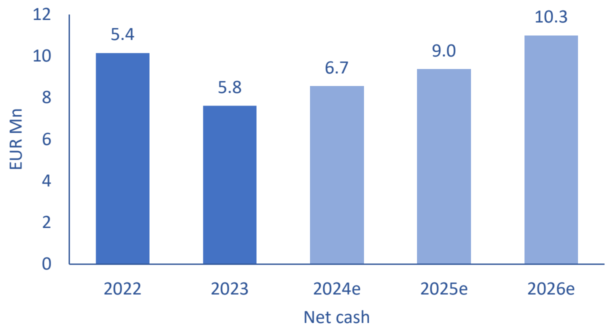
High capacity to convert EBITDA into cash (c. 60%). FCF yield



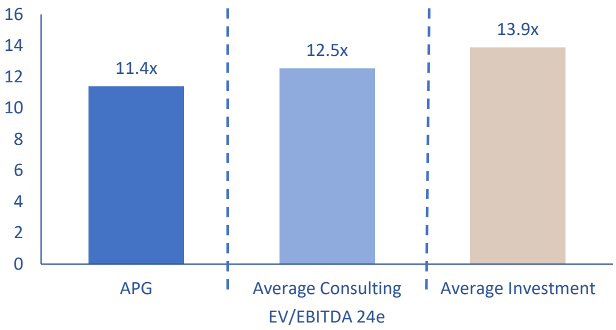
...allowing for a generous payout (75%) and a dividend yield of 2024e of 2024e del 4%



All this while maintaining a net cash position (net cash/EBITDA 2024e 01x



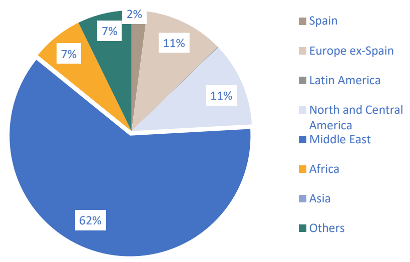
Trading at an EV/EBITDA 2024e multiple of 11x (vs 13x for consultancy and 10.9x for investment)



Proven ability to deliver high revenue growth (CAGR 2019-23: +20.8%) along with abundant cash (FCF yield 2023: 5.7%)

Established in 2012, Axon Partners Group (APG) is a small enterprise (market cap.: EUR 98.7Mn) based in Madrid. Its business model is articulated around a combination of technology consultancy services and alternative asset investments. It is also present in the asset management business through its equity interest (24.4%) in Finizens, an automated, digital investment management platform with EUR 475Mn of assets under management (AuM) as of November 2024.

Chart 1. Geographical breakdown of consultancy revenue (2023)

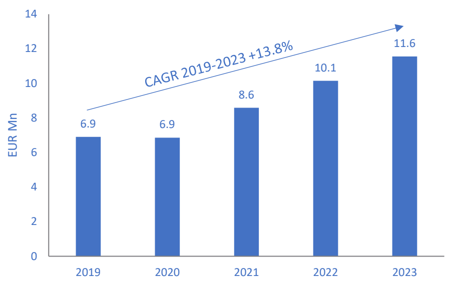


Consultancy division: strong strategic focus overseas, especially in the Middle East (c.61.7% of revenue in the consultancy line in 2023)…

APG is specialised in the provision of consultancy services to the information and communication technology (ITC) sector, with a focus on boosting competitiveness at technology firms. It also designs models and regulations to foster technological innovation and support strategic projects in both the public and private spheres. This division addresses key areas such as emerging technologies and digital transformation, with a particular focus on telecommunications, the internet of things (IoT), cybersecurity, digital platforms, artificial intelligence (AI), cloud services, sustainable technologies and the life sciences. Cybersecurity and emerging technologies (AI, 5G) have been the most popular services in recent years.

APG collaborates with a broad network of clients, notably including public organisations of the calibre of the European Commission and World Bank, national regulators from several countries and private companies; e.g., Telefónica, Microsoft and Vodafone.

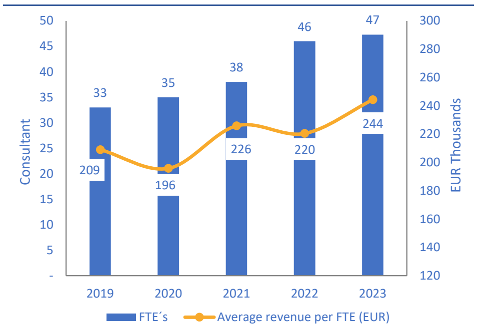
Chart 2. Consultancy revenue (2019-2023)



APG's operations network is global in reach. Its team of consultants (present in >70 countries) is spread between Spain (headquarters) and its international offices, which are located in Colombia, Belgium, Turkey and Saudi Arabia. Currently, 97.9% of the consultancy division's revenue is generated outside of Spain, with 87.3% hailing from beyond the European Union. The most important region is the Middle East (specifically, Saudi Arabia), which contributes 61.7% of consultancy revenue. Geographical diversification, coupled with a broad international customer base and recurring revenue derived from new projects for existing customers (we estimate that c.25% of revenue from consultancy is recurring in nature) mitigate business risk.

The main growth driver is the acquisition of new customers for the provision of technological-transformation-enabling services. Specialisation (expertise in cybersecurity, AI, technology regulation, digital transformation and telecommunications (5G, IoT)) erects business entry barriers vis-a-vis new competitors. Some of APG's consultancy projects come through public tenders.

Chart 3. No. of consultants and average revenue per consultant (2019-2023)



Since 2019, revenue from technological consulting has increased at a CAGR of 13.8% to EUR 11.6Mn in 2023 (vs EUR 6.9Mn in 2019 | Chart 2). In 2023, revenue from the consultancy business accounted for 58.1% of the consolidated total. The consultancy business is highly seasonal (the majority of project fees is collected in the second half of the year as milestones are reached), as is evident in the fact that APG recognises just c.32% of annual revenue in the first half of the year.

The key indicator in this business is the profitability earned by the company's (highly-skilled) professionals. APG's headcount has been gradually increasing (in response to higher demand), as has revenue per employee (rev./ FTE).

APG ended 2023 with a team of 47 consultants. Rev./ FTE in the consultancy line amounted to EUR 244k in 2023 (vs EUR 220k in 2022; vs an average of EUR 130k at the Big 4 (as estimated by LH) and an average of USD 394k for McKinsey, Boston Consulting and Bain. The improvement in this metric is attributable to two factors: (i) the acquisition of increasingly profitable consultancy contracts thanks to growing brand recognition, which is translating into larger average project sizes; and (ii) the ability to eke out efficiency gains thanks to the know-how and expertise gained on previous projects.

Chart 4. Assets under management (2019-2023)

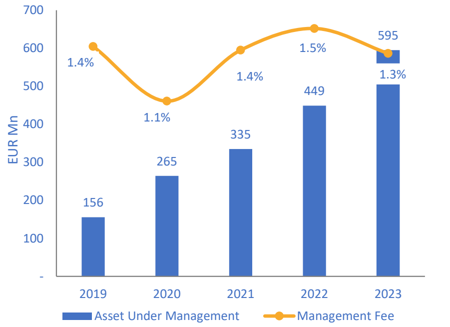
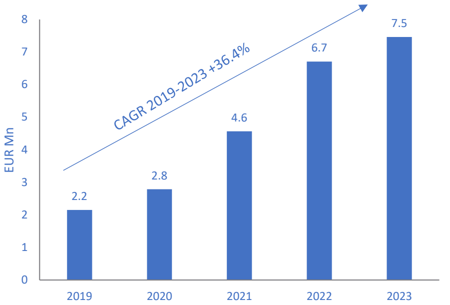


Chart 5. Investment revenue (2019-2023)



Alternative investments division: focus on emerging technologies

APG's second business line is its alternative investment division, focused on venture capital (VC) and fast-growing sectors, particularly sectors with exposure to technology, innovation and digital transformation.

At year-end 2023, APG had EUR 595Mn of committed AuM (vs EUR 449Mn at year-end 2022 and EUR 596 as of June 2024) across several investment funds. Since its creation, APG has invested in over 70 companies and nearly 50 funds and has concluded 23 exits, notably including Just Eat and Rakuten TV (Wuaki), among others.

The funds' average life span ranges between 8 and 12 years (from the investment phase through to disposal and fund dissolution). The average gross return on its portfolio since its creation stands at 28%. The main investors in APG's private equity funds are: (i) public investors (such as the ICO Global Fund, European Investment Bank and European Investment Fund, generally via public tenders); (ii) institutional investors (pension funds and insurers); and (iii) private banks and family offices.

APG has two differentiated investment strategies:

- **Direct investment:** APG invests directly in companies (normally unlisted) in Spain, Europe and India, via three types of funds: (i) growth funds (listed and unlisted companies), which invest in fast-growing companies with exposure to technology and innovation; (ii) sustainability funds, which focus on investments in early-stage companies with a strategic focus on the energy transition; and (iii) fixed-income funds (created to enable the use of profit-sharing debt instruments in growth companies). Examples of these funds include ICT I, II and III, Innovation Growth I, ISETEC I, Next Technology Ventures I and II and Amerigo Ventures Pacífico.

- **Funds of funds:** Funds that invest in other funds via primary or secondary market trades or co-investments, with a focus on the ICT sector. APG has invested in two of these types of funds: Aurora I and Aurora II, with a new one slated for launch in 2025.

Through these vehicles, APG has earned an accumulated gross average IRR of 28% and a multiple on invested capital (MOIC) of 2.3x, establishing itself as a key player in the private equity space. APG holds a minority interest in all of its funds, its biggest holding being its 13.2% stake in ICT III. At year-end 2023, according to a Spanish private equity yearbook, APG held equity interests in more than 30 companies.

The funds involve contracts of between 8 and 12 years during which APG generates revenue via three types of fees:

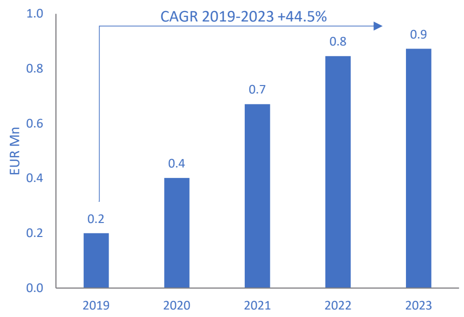
- **Subscription fees:** APG charges investors a fee for each share acquired for the first time in any of its funds.

- **Management fees:** APG collects an asset management fee. During the investment period (first 4 - 5 years), the fee is calculated on the capital committed by its investors. Once this phase is complete, the fee calculation methodology varies depending on each fund's specific policies. The company receives an annual fee for managing its funds which varies between 0.75% and 2.5% of invested capital.

- **Performance fee:** APG can receive additional fees based on the returns generated by its funds over time. Those returns include capital gains upon exit and other income (interest and dividends).

Revenue from this line of business in 2023 amounted to EUR 7.5Mn (vs EUR 2.2Mn in 2019), implying a CAGR 2019-2023 of 36.4%. In 2023, revenue from the investment business accounted for 37.5% of the total. The average fee on committed capital was 1.34% in 2023 (vs 1.51% in 2019; vs an average of 1.4% -5y; vs 1.5%-3% for the sector). The average fee varies depending on the number of funds subscribed during the year. The growth in this metric is attributable mainly to the increase in AuM. The average fund size has increased to c.EUR 100Mn/fund (vs EUR 50Mn/fund in 2019-2020).

Chart 6. Finizens revenue (2019-2023)

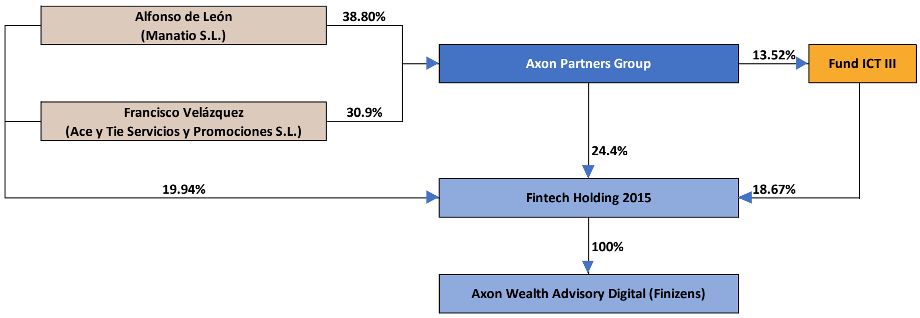


Finizens, a disruptive digital platform, or roboadvisor, for portfolio management (4.4% of revenue in 2023)

Finizens is an online platform specialised in the automated management of indexed portfolios. It is fully consolidated as a result of the controlling interest held (directly and indirectly) by APG (and two of its founders and one of its funds) in Finizens.

APG directly owns 24.4% of Fintech Holding 2015, which in turn owns 100% of Axon Wealth Advisory Digital, the entity that owns the Finizens opco. Francisco Velázquez and Alfonso de León (APG's majority shareholders) hold an additional 19.9% of Fintech Holding 2015 (in which the ICT III fund also holds an interest) (refer to Table 1).

Table 1. Interest in Fintech Holding 2015



The app provides small and medium sized savers with access to diversified portfolios without a minimum investment requirement and uses advanced roboadvisor technology to create passive management portfolios. The approach consists of offering a fully digital investment solution through portfolios made up of indexed funds of an institutional nature.

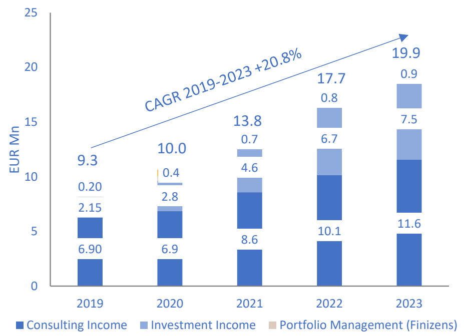
Finizens had c. EUR 475Mn of AuM as of November 2024 and more than 21,000 customers. This division generated EUR 0.9Mn of revenue in 2023 (c.4.4% of the total). The business model's competitive advantage lies with its low fees, such that it has needed a period of time to achieve breakeven in terms of recurring EBITDA before capitalisations, a milestone we expect to take place in 2024e. Until 2023, Finizens' results have dragged somewhat on APG's earnings (EBITDA before capitalisations at Finizens in 2023: EUR -0.3Mn vs EUR -1.2Mn in 2020). The business model involves capitalisations, which are recognised at the consolidated level, in order to continually upgrade the management software and platform. In turn, asset amortisation accounts for c.80% of consolidated depreciation and amortisation charges. This is a scalable business model where the key lies with assets under management (AuM).

Table 2. Summary of Finizens

Finizens	2020	2021	2022	2023
Revenues	**0.4**	**0.7**	**0.8**	**0.9**
Var. y/y		67.2%	26.1%	3.2%
Rec. EBITDA	**-1.2**	**-1.1**	**-0.8**	**-0.3**
Rec. EBITDA/Revenue	n.a.	n.a.	n.a.	n.a.
Depreciation and Amortization	-0.3	-0.4	-0.4	-0.4
Capitalized Expenses	0.5	0.2	0.3	0.3
EBIT	**-1.0**	**-1.2**	**-0.9**	**-0.4**

Note: Rec. EBITDA does not include activations.

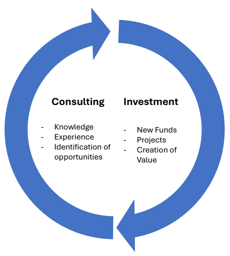
Chart 7. Consolidated revenue (2019-2023)



Synergies between the two divisions support high operational gearing (revenue CAGR 2019-23: +20.8%) and wide margins (EBITDA margin 2023: >29%)...

We see compelling reasons to consider the synergies between APG's two divisions. The company leverages its consultancy experience and expertise to uncover investment opportunities and identify trends among key (public or private) technology players. At the same time, the investment business gains insight from investees, which translates into recommendations that can be applied in strategic consultancy projects.

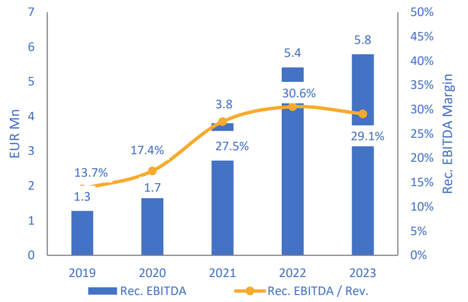
Chart 8. Axon Partners virtuous circle



APG has demonstrated strong topline growth (CAGR 2019-23: +20.8%), reaching EUR 19.9Mn last year (Chart 7). Revenue from the consultancy business has grown at a slower pace (CAGR 2019-23: +13.8%), with commission income from investment as the main driver (CAGR 2019-23: +36.4%), increasing its share of the revenue mix to 37.5% in 2023 (vs 23.1% in 2019).

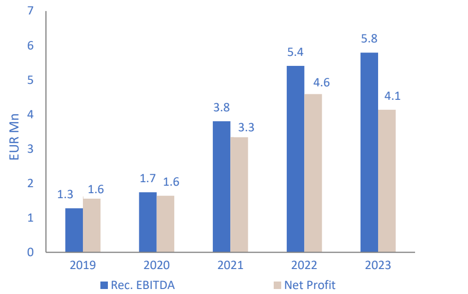
The nature of the business model (consultancy + investments) means there are no production costs, leaving only operating expenses (OPEX). The largest expense component is staff costs, which account for approximately 34-38% of revenue. This heading is largely variable in the consultancy business, as a function of project size/needs, whereas it is largely fixed in the investment arm as, once the required structure is in place, AuM (and therefore fees) can be increased without a proportionate increase in employees. This is key to the operational gearing we anticipate in the faster-growing business line. The bigger risk with this business model is rather the departure of key employees.

Chart 9. Recurring EBITDA and recurring EBITDA margin (2019-2023)



The rest of the company's operating expenses are concentrated between two items that account for >70%: i) "Independent professional services", which reflect project-related services outsourced and in 2023 accounted for 62.4% of the total (including related-party transactions totalling EUR 916k in 2023); and ii) "Travel expenses", which include business trips to pitch for new customers and projects outside the EU and which accounted for 10.5% of the total. The weight of these components has been falling in recent years as the company has scaled up (32.9% of revenue in 2023 vs 51.6% in 2019), generating a clear improvement in margins. Between 2019 and 2023, recurring EBITDA (without considering R&D expenses capitalised) has multiplied fourfold, from 1.3Mn in 2019 to EUR 5.8Mn in 2023 (CAGR 2019-23: +46.0%). Our model assumes a recurring EBITDA margin of c.25% in the consultancy line, a level at which it remained stable in 2022 and 2023 (vs an average of 20% at its comps), coupled with the improvement being etched out in profitability at Finizens (EBITDA before capitalisations 2019: EUR -1.2Mn vs EUR -0.3Mn in 2023).

Chart 10. Recurrent EBITDA vs net profit (2019-2023)

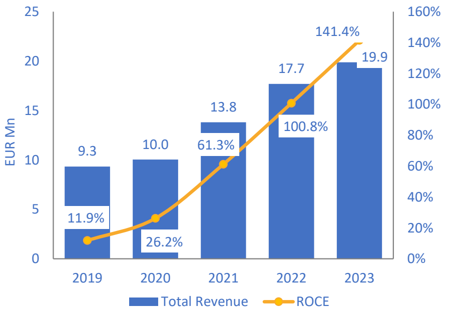


However, APG's most profitable business is the investment arm, where the EBITDA margin stands at around 40%-50% (it varies widely on account of the impact of disposals). The growing weight of the investment division in the mix and improvement in profitability at Finizens are the key factors behind the margin expansion underway since 2019. APG's recurring EBITDA margin increased by 15.4pp from 2029 to 29.1% in 2023 (vs 13.7% in 2019).

A "cost-light" structure which translates into a high EBITDA-to-net profit conversion ratio (average -5y: c. 80%)...

Below the EBITDA line, APG's business model is "cost-light". The depreciation and amortisation charge of c.EUR 0.4Mn in 2023 (vs EUR 0.5Mn in 2022) is related primarily to the Finizens business (c.80%). The volume of expenses capitalised has been steady at EUR 0.3Mn during the last two years and was likewise associated with the development/upgrade of the platform used by Finizens for business purposes.

Chart 11. Revenue vs ROCE (2019-2023)

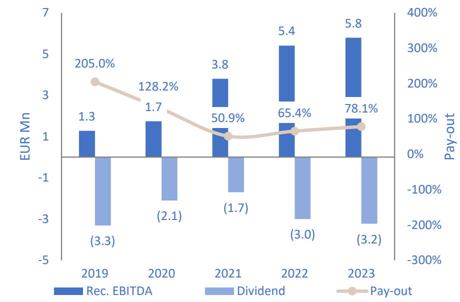


As a result, growth in EBIT (CAGR 2019-23: +43.8%) has been virtually identical to that in EBITDA (CAGR 2019-23: +46%). In 2023, APG reported EBIT of EUR 5.6Mn and an EBIT margin of 28.4% (vs EUR 5.1Mn and 28.6% in 2022). That put its ROCE at >100%, evidencing excellent value creation.

Cash generation, despite high dividend payments, has left the company with a net cash position (net cash/equity 2023: 0.4x). So that all growth in EBIT trickles through to the bottom line. The company's effective tax rate has remained above 25% (average -5y: 37%) due to the share of earnings generated outside Europe, particularly in Saudi Arabia. APG reported a net profit of EUR 4.1Mn in 2023, up from EUR 1.6Mn in 2019.

... and recurring FCF (c. 66% of recurring EBITDA). Abundant cash generation favours high shareholder remuneration (average payout: >70%)

Chart 12. Net profit, dividends and payout (2019-2023)



The business does not require CAPEX and the net cash position means the company has barely any interest expense. WC, as a percentage of revenue (average -5y: c.7.7%), fluctuates as a function of the flow of collections: fees when capital is injected into existing funds and fees from consultancy projects. All in all, cash generation at APG is abundant (FCF yield 2023: 5.7%).

Since 2019, APG has generated a cumulative EUR 11.9Mn of recurring FCF (average EBITDA-to-cash conversion ratio of c.66%). And it has paid out a total of EUR 13.3Mn in dividends (vs EUR 15.3Mn of net profits over the same period), implying a cumulative payout of c.87%. APG calculates its dividend payments as 75% of the net operating profit generated by the investment and consultancy divisions (i.e., not considering Finizens). Based on PBT at both divisions and a theoretical tax rate of 25% (Table 3). The difference between the theoretical calculation and ultimate profits (average tax rate of c.37% and consolidation of profit or loss of Finizens) results in an effective annual payout relative to consolidated net profit of >70%.

Table 3. Dividend calculation (2021-2023)

EUR Mn	2021	2022*	2023
EBT (Consulting + Investment)	4.89	6.07	5.80
Tax (25%)	-1.22	-1.52	-1.45
Theoretical net profit	**3.67**	**4.56**	**4.35**
Interim dividend	1.70	3.42	3.25
Pay-out (%)	**46.30%**	**75.00%**	**75.00%**
Total Dividend	3.02	5.80	3.25
Consolidated Net Profit	3.34	4.59	4.13
Consolidad Pay-out (%)	**90.30%**	**126.30%**	**78.50%**

* * In 2022 there were additional dividend distributions for divestments (EUR 2.8Mn were in kind). The table refers to dividends approved according to the Financial Statements.

Chart 13. Trend in net cash (2019-2023)

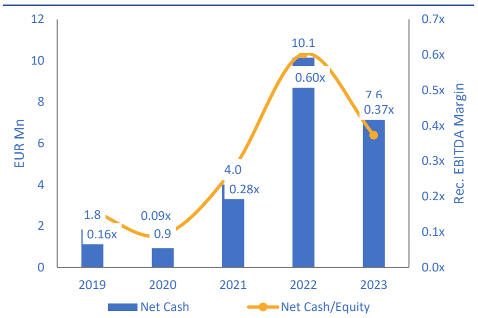
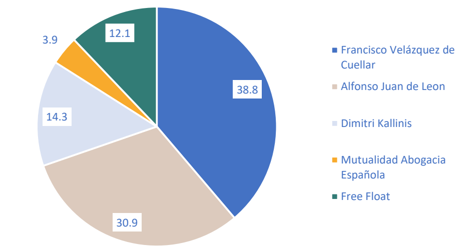


Chart 14. Shareholder structure



...supporting an (extremely) healthy balance sheet (net cash 2023: EUR 7.6Mn; net cash/equity: 0.4x)

APG ended 2023 with EUR 7.6Mn in net cash (vs EUR 10.1Mn in 2022). Strong cash generation, combined with a low investment requirement, has allowed the company to maintain a solid balance sheet position (net cash/equity 2023: 0.4x; net cash since 2019). This has proven valuable in navigating recent crises (e.g., rising interest rates, the pandemic, geopolitical instability). A strong balance sheet positions the company for: (i) faster growth via M&A , (ii) increased shareholder payouts, and/or (iii) a larger stake in its own funds (c. 8% on average).

APG's balance sheet also reflect its interests in the funds it manages, which are recognised under financial assets. In 2023, these assets totalled EUR 12.6Mn (vs EUR 6.9Mn in 2022).

A board controlled by its founders, who are also its core shareholders and are fully engaged in the company's management

Axon Capital (Investment) and SPV Advisors (Consultancy) were founded in 2026 by Francisco Velázquez. Alfonso León joined Axon Capital in 2006, while Dimitri Kallinis joined SPV Advisors in 2009. Axon Partners Group was created in 2012 and Axon Wealth Advisory Digital (Finizens) in 2015. Following its July 2022 IPO (on BME Growth), control of APG remains with its three founding shareholders, who are fully engaged in the company's management and collectively hold an 84.9% interest (chart 14). The shares are distributed among Chairman and Co-CEO Francisco Velázquez (38,8%), Co-CEO Alfonso de León (30.9%), and Co-CEO Dimitri Kallinis (14.3%).

The founders have demonstrated a strong, long-term commitment to APG. Their long-term vision and involvement in management lend stability to the shareholder structure. Free float stands at 12.1%.

In short, a combination of synergistic businesses, proven track record of strong growth, and commitment to delivering a high dividend yield.

APG has successfully carved out a niche in the technology sector with a unique strategy built on a distinctive (and 'atypical') mixed business model. This approach enables the company to capitalise on opportunities in both consultancy and investment (including Finizens). Both business lines show clear growth potential. APG's snapshot today is that of:

- **A unique, highly diversified and niche business model** that integrates strategic consultancy with technology investment. This approach creates a virtuous cycle, generating synergies (in both revenue and costs) while diversifying the company's revenue mix, thereby mitigating business risk. Moreover, APG has a broad geographical footprint—with operations in >70 countries (97.9% of APG's consultancy revenue comes from outside Spain—as well as highly diversified services and customer portfolios.

- **Positive track record in both growth and profitability.** APG has shown it can deliver double-digit topline growth (CAGR 2019-23: +20.8%), with revenue reaching EUR 19.9Mn in 2023. It has also commanded healthy margins (30% EBITDA margin), with no major items down to net profit (recurring EBITDA to net profit conversion rate: c.80%).

- **Strong cash generation capacity and commitment to shareholder remuneration.** A 'cost-light' business model for two reasons: (i) no large capital requirements and (ii) zero production/manufacturing costs (a 100% services-based company).

This is seen in its high recurring EBITDA-to-recurring FCF conversion ratio (83.7% of recurring EBITDA in 2023; FCF yield 2023: 5.7%), which supports a policy of paying out 75% of net profit from the Consultancy and Alternative investment divisions. Since 2019, APG has distributed a total of EUR 13.3Mn of dividends, giving a payout of 87%.

- **Healthy balance sheet.** APG has (consistently) maintained a net cash position since 2019, despite its commitment to rewarding shareholders generously. The company ended 2023 with net cash of EUR 7.6Mn (net cash/equity: 0.4x).

APG's medium- and long-term outlook is positive (underpinned by deeper penetration of markets adjacent to Saudi Arabia, stronger capital-raising capabilities, and the creation of new funds). The company's diversified revenue streams and strong net cash position contribute to a low operational risk. Technology is a dynamic, rapidly growing and disruptive industry, offering a wealth of opportunities.

This makes APG an attractive and atypical investment play in the global technology sector leveraging two synergistic avenues (consultancy and investment) that have proven to be highly effective. From an investors' perspective, APG offers both (i) direct investment in technology through the company itself and (ii) indirect investment via the funds it manages and in which it holds interests (no management fees).

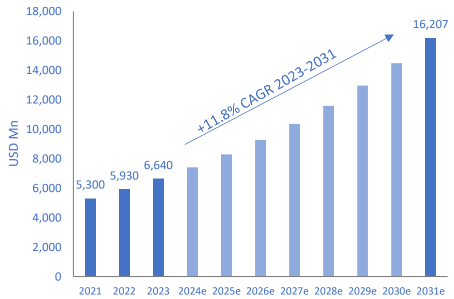
APG's equity story is centered on scaling the business, particularly its (higher-margin) wealth management business by increasing assets under management (AuM) without a significant increase in headcount. This approach will enable APG to continue leveraging its cost structure (with no signs of fatigue) and enhancing margins, as it has done since 2019. It should also drive substantial growth in recurring EBITDA, FCF and dividends.

Technology consultancy and alternative investments. Two different businesses with a shared growth driver: digitalisation

The technology industry is dynamic and in constant flux all over the world. Its ability to innovate quickly and ingrain itself in different sectors (e.g., communication, transport and retail) has revolutionised every aspect of our lives and is constantly redefining companies' business models.

Implementation of new digital technologies, improvements in network infrastructure and growing demand for connectivity across multiple industries and locations is fuelling non-stop growth in the technology sector. However, the stringent regulations being imposed by governments and institutions in an attempt to ensure equal access to the new services is one of the main obstacles to growth. On occasion, major technological disruption requires legislation from scratch (as is the case with artificial intelligence).

Chart 15. Global ICT consulting market size (2021-2031e)



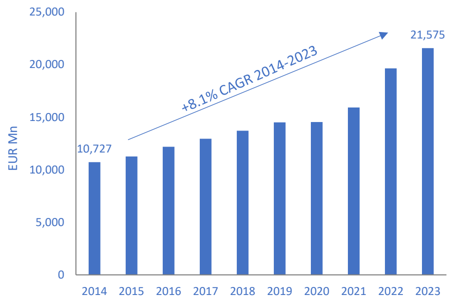
Source: Market Research.

The consultancy business is a highly heterogeneous, growing sector which provides services at every stage of the cycle, to any sector

The consultancy business, viewed on aggregate, is non-cyclical in nature. It is not that every consultancy niche or sector benefits no matter the stage of the economic cycle. Rather, its non-cyclical nature is due to the fact that consultancy services as a whole address all the needs that arise throughout the cycle. In times of economic growth, businesses and governments turn to consultants for advice on entering new markets, implementing strategies, adapting for new regulations or pursuing mergers or acquisitions. Meanwhile, during times of crisis, demand increases for advice with restructurings or cost-cutting and companies strive to anticipate new consumer trends.

At the global level, the consultancy sector is significantly segmented and can be classified in a number of ways: (i) at the top of the pile, are the Big 3 (McKinsey & Company, Boston Consulting Group and Bain & Company). They are the most prestigious consultancy firms and the industry leaders. They tend to handle high-impact strategic projects and are seen as global benchmarks; (ii) the tier 2 consultants, which include Accenture, Oliver Wyman, Kearney and L.E.K. Consulting, boast solid reputations and participate in important projects, albeit without enjoying the same cachet as the Big 3; (iii) next come the Big 4 (Deloitte, EY, KPMG and PwC), which specialise mainly in financial and corporate services, including audits, M&A advisory, risk management, valuation work and related activities; and (iv) lastly, a smaller segment made up of boutique firms, consultants specialised in specific market niches, such as Booz Allen, Marsh McLennan and JTC (this is the segment APG falls into).

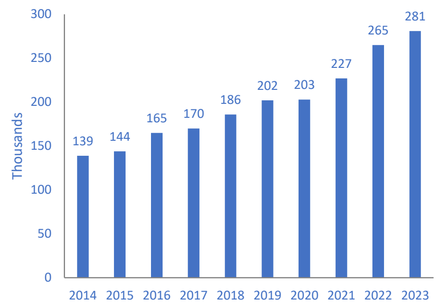
Chart 16. Global ICT consulting market size (2021-2031e)



Source: Asociación Española de Consultoría.

In Spain, the consultancy sector plays a relevant role in the economy. According to Spain's consultancy sector association, the AEC, the industry has been registering double-digit growth for the last nine years (CAGR 2014-2023: +8.1%). It generated revenue of EUR 21.56Bn in 2023 (c.1.48% of GDP; EUR 7.63Bn of which generated internationally) and employed 281k professionals (32% of whom, women). The need for highly-qualified professionals is the reason that investment in training per employee in this sector is 2.7x the national average in Spain. Specifically, EUR 328 per employee. During the past year, the sector hired around 72,500 people (96.1% of which under indefinite contracts) and 47% of those hired were new university graduates.

Chart 17. Number of employees in consultancy in Spain (2014-2023)

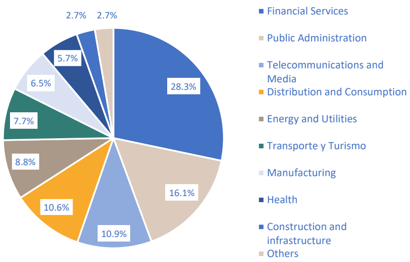


Source: Asociación Española de Consultoría.

Demand for consultancy services in Spain in 2023 was concentrated in the following sectors: (i) the financial sector (28.3%); (ii) government (16.1%); and (iii) telecommunications and media (10.9%).

The boom in artificial intelligence has emerged as one of the sector's prime catalysts in terms of demand, R&D and skills training. This disruptive technology is changing the technology consultancy sector so that it can handle big data, improve decision-making, resolve problems and offers clients better solutions.

Chart 18. Revenues by sector (2023)



Source: Asociación Española de Consultoría.

The AI tools used most widely in consulting include: (i) machine learning, which is used to detect patterns and optimise analytical models; (ii) natural language processing (NLP), which facilitates the analysis of texts; (iii) computer vision, used to identify trends via images or videos; and (iv) robotic process automation (RPA), to automate administrative tasks.

The positioning of these technologies is shifting away from that of a complementary tool to becoming the core component of consultancy solutions. Their correct implementation will determine which companies stay at the forefront, redefine traditional business models and expand the services on offer to clients.

Technology consultancy: a (high-potential) niche

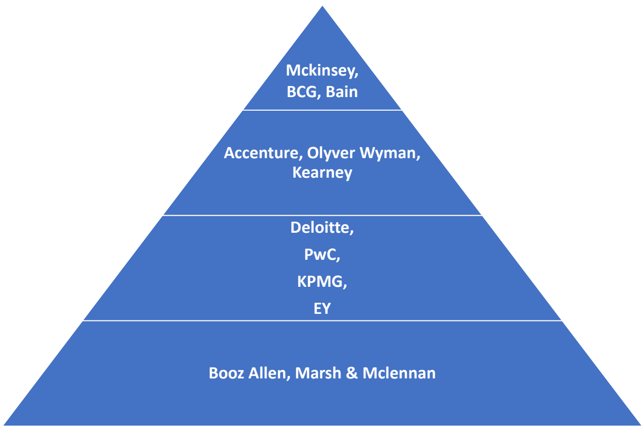
The need for highly-skilled professionals is an essential driver of technology consultancy. The scarcity of talent with the skills and experience needed to move forward with new technologies such as 5G, IoT and AI is forcing businesses and governments to resort to technology consultants. The demand for technology services also encompasses the areas of cybersecurity and data protection and the integration of and migration to contemporary technology systems that facilitate the processing and storage of data for subsequent use in predictive or analytical systems (fuelled by AI).

The key drivers in the technology consultancy market are: (i) businesses' need to adapt to the process improvements and transformations derived from technological innovation; (ii) the advent of disruptive technologies such as 5G and the internet of things (IoT), along with the challenges around their implementation; (iii) compliance with technology regulations; and (iv) significant strides in competitiveness and M&A-driven market consolidation, which are dictating the need to remain at the technological forefront in order to remain competitive.

The size of the global technology consultancy market is estimated at c.USD 114Bn; it is expected to grow at a CAGR of 8.7% between 2023 and 2028e to c. USD 183Bn by 2028e (Business Research).

In 2023, technology consultancy generated revenue of EUR 2.35Bn (10.9% of all consultancy turnover) in Spain. The Spanish technology consultancy market is very dynamic and competitive. International firms such as Accenture, Deloitte, Capgemini, IBM and NTT Data provide services in the country, competing with local firms like Indra, Altia, Vass and APG.

Chart 19. Ranking of leading consulting firms



Note: Despite APG's current small size. The range of services offered by the company would rank with Booz Allen and Marsh & Mclennan by type of service.

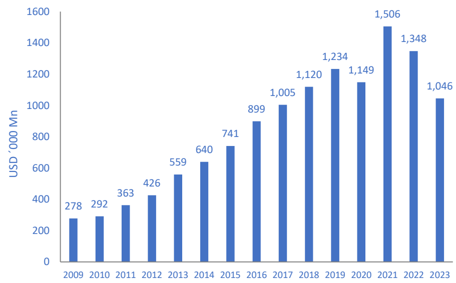
Middle East: an opportunity to export consultancy services to an emerging market

The technology consultancy industry in the Middle East has undergone sharp growth in the past decade, fuelled by several regional countries' ambitious digital transformation thrust, shaped by initiatives such as Vision 2030 in Saudi Arabia, a focus on smart cities and economic diversification in the Gulf countries in an attempt to reduce their dependence on oil.

In short, the industry is benefiting from tailwinds in the region thanks to:

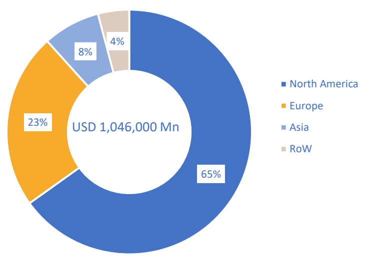
- Governments (such as those in office in the United Arab Emirates (UAE), Saudi Arabia and Qatar) that are spearheading digitalisation programmes in areas such as government, health, education and mobility.

Chart 20. Funds raised by private equity at the global level (2009-2023)



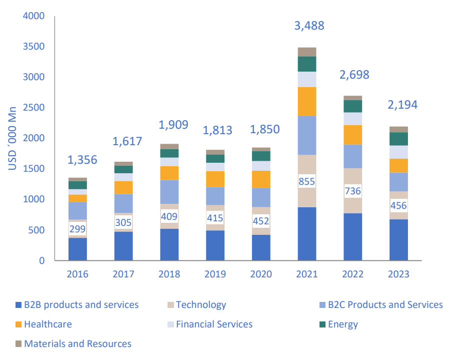
Source: Mckinsey

Chart 21. Capital raised by private equity funds (2023)



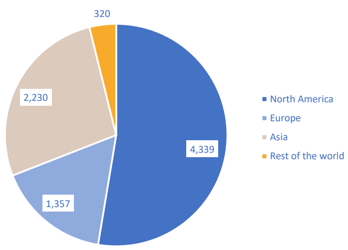
Source: Mckinsey

Chart 22. Global private equity transaction size (2009-2023)



Source: Mckinsey

Chart 23. Assets under private equity management



Source: Mckinsey

- Smart city projects such as Neom in Saudi Arabia and Masdar City in UAE, which require advanced solution in IoT, big data, AI and sustainability energy.
- Significant investments in blockchain technology, cybersecurity, AI and cloud solutions.
- Organisation such as the Public Investment Fund in Saudi Arabia have earmarked significant sums to championing technological innovation in the private and public sectors.

M&A remains the consultancy firms' top choice for gaining size and expanding their suite of services

Consultants commonly resort to M&A strategies when they are looking to enter new markets or add new services. Although the global M&A market has faced challenges derived from macroeconomic factors like inflation and rising interest rates, as well as geopolitical uncertainty, in recent years, the consultants continue to search for strategic opportunities to reinforce their presence in key sectors, such as the technology and digital transformation segments.

Within the technology consultancy segment, noteworthy transactions in Spain include the acquisition of Everis by NTT Data in 2014 (EUR 560Mn) and the purchase of Altran Technologies by in 2019 (EUR 5Bn).

Private equity (PE) is increasingly attractive to investors

APG's alternative investment arm encompasses investments in private equity (PE), including venture capital (VC), private debt, real estate and infrastructure assets. Alternative investments such as these have sustained considerable growth worldwide in recent years, peaking in 2021 after the pandemic, when fundraising reached USD 1.51Tn (vs USD 278Bn in 2009).

The popularity of these investment vehicles is attributable to factors such as: (i) higher returns relative to equities; (ii) a growing need to diversify large volumes of capital; and (iii) the benefits derived from their low correlation relative to the traditional markets. Despite the confidentiality around returns on some of these investments, the growth in fund flows and allocations within investment portfolios point to the success of this class of investments.

The PE/VC segment accounts for close to 62% of all capital raised in 2023 according to McKinsey. The biggest market is the US (c.70% of the total), followed by Europe (24.5%). In this segment, asset managers tend to target small growth companies and mid-market enterprises. The uncertainty created by the pandemic triggered a slowdown in new investments and fundraising in 2020 (-7% vs 2019) and a drop in the number of transactions, as asset managers focused on managing the companies already in their portfolios.

Following the initial collapse induced by the restrictions imposed in the wake of the pandemic, which hit certain sectors (transport, retail and hospitality) particularly hard, the private equity market rebounded faster than expected in 2021 and 2022, largely thanks to the fiscal and monetary support measures implemented by governments and central banks all around the world. The technology sector in particular experienced significant growth. E-commerce, software, fintech, digital health and online leisure companies saw demand surge, in turn drawing private equity investors' attention. Demand for digitalisation services led to significant capital injections across the sector players.

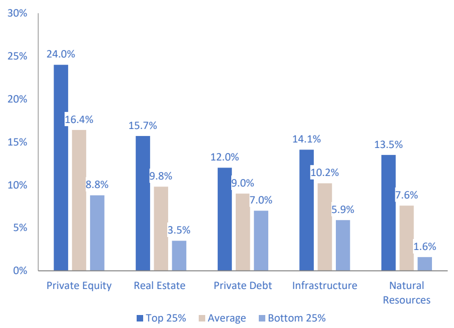
2023 was characterised by the challenges facing global private equity markets…

According to McKinsey's *Global Private Markets Review 2024 - Private markets: A slower era*, 2023 presented significant challenges, affected by rising interest rates and an uncertain macroeconomic environment stemming from geopolitical conflicts (e.g., Ukraine and Israel). Global fundraising declined by 22% compared to 2022. Europe proved the most resilient region, falling just 3%, followed by North America (-22%) and Asia (-48%).

Nevertheless, the largest funds continued to thrive, driving increased market concentration. The 25 most successful private equity (PE) firms collected 41% of aggregate commitments.

Despite the drop in fundraising, assets under management (AuM) in 2023 reached USD 13.1Tn (CAGR 2013-23: +14.0%). Capital committed but not yet deployed hit a new high of USD 3.7Tn (+19% vs 2022), reflecting the lower number of deals during the year and managers' preference to hold assets rather than sell into a lower-multiple environment.

Chart 24. Returns by asset class

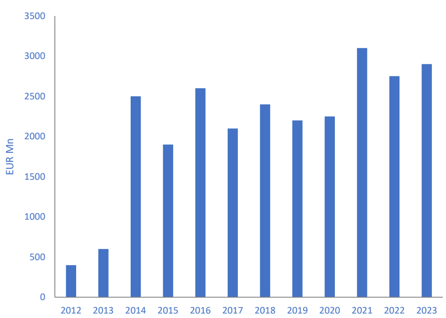


Source: Mckinsey

Chart 25. Dsitribution of PE/VC investment in Spain 2023

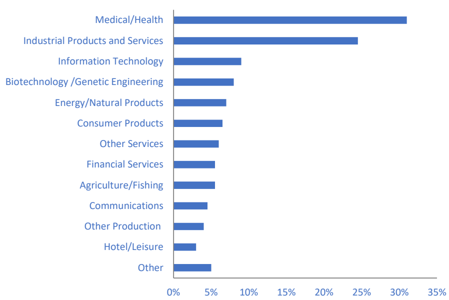
Source: SpainCap

Chart 26. New Resources Captured in Spain 2012-2023



Source: SpainCap

Chart 27. Private Equity & Venture Capital Investment Volume by sector in 2023



Source: SpainCap

By asset class: (i) PE's performance in 2023 was its second worst since the global financial crisis, achieving a net IRR of 2.5%; (ii) private debt achieved a net IRR of 5.1%, the highest among all private asset classes thanks to high interest rates; (iii) real estate lost money for the first time since 2008, with an IRR of -3.5%; and (iv) infrastructure and natural resources fell short of historical averages, returning 3.4% and 1.7%, respectively.

Europe-focused funds performed particularly well in leveraged buyouts, with buyout fundraising increasing 87% to USD 122Bn. Conversely, venture capital (VC) fundraising in Europe declined 25%, to USD 17.3Bn. This reflects a global trend, as VC was the hardest-hit segment within PE due to its high exposure to long-term cash flows, which are inherently less valuable in a higher-discount-rate environment.

The year also saw a shift towards larger funds, with those over USD 5Bn accounting for a significant share of all fundraising. This trend reflects investors' preference for strategies that limit risk in an uncertain macroeconomic environment.

Broadly speaking, Europe remains well positioned to maintain its appeal in the global PE industry. The positive outlook for the medium to long term is underpinned by factors such as relative resilience, diversified strategies and use of new funding sources. Additionally, efforts in Europe to maintain PE investment using public funds (e.g., Next Generation) and subsidies are set to further expand activity. APG is well-positioned to act as intermediary between Europe and the ultimate destination for public investments. Should global economic conditions begin to stabilise, European PE could gain even greater prominence on the international stage.

...although Spain has weathered the storm better

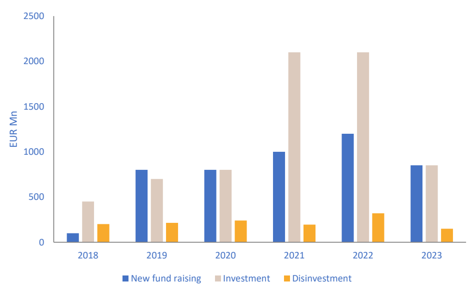
PE investment in Spain is basically concentrated in three regions: Madrid (33.9%), Valencia (24.1%) and Catalonia (21%), which together account for 79% of the total invested in Spain. Fundraising in Spain has been largely unaffected by macroeconomic events, delivering growth of 11.2% in 2020 and 21.0% in 2021. Appetite for PE investment is primarily driven by family offices—wealth management firms set up to serve ultra-high-net-worth families—and public sector entities (e.g., Spain's official credit institute, the ICO, and the European Investment Fund). According to SpainCap's *Venture Capital & Private Equity activity in Spain* report, 2023 was the second-best year of the last decade for new funds raised (EUR 2.70Bn), trailing only 2021 (EUR 2.96Bn), despite the challenging macroeconomic environment.

Following two great years, investment in 2023 (inevitably) shrunk to EUR 6.71Bn (-27%; in line with the global trend) against a backdrop of high interest rates and diverging expectations between sellers and buyers. A total of 569 Spanish companies (90% SMEs) received PE funding, with average investment size ranging from EUR 9Mn to EUR 12Mn. The total transaction value in 2023 reached EUR 13.07Bn (vs EUR 18.72Bn in 2022). The middle market suffered the most, with total investment of EUR 1.74Bn across 74 transactions (vs EUR 3.09Bn and 114 transactions in 2022).

Spanish managers had EUR 49.78Bn of AuM (of which EUR 32.17Bn was managed by international firms). Dry powder—capital committed but not yet deployed—also hit a record high (EUR 6.04Bn at year-end 2023). By sector, the largest investment volumes in 2023 were in healthcare: medical care and industrial products and services. The SpainCap report notes an increase in the amount divested in 2023 to EUR 1.37Bn (-30% vs 2022), with 316 divestments recorded (-28% vs 2022).

2024 is clearly proving a year of recovery, buoyed by lower interest rates and PE business's ability to adapt. SpainCap reports that fundraising reached c. EUR 2.7Bn in the first nine months of 2024 (above the total for 2023), with divestments increasing by 75.4% from 2023, underscoring a significant improvement in sector momentum.

Chart 28. Key VC metrics in Spain (2023)



Source: SpainCap

Table 4. Main Private Equity & Venture Capital transactions in Spain (2023)

Company	PE/VC	Type of Deal
SNFL Mediterraneo	EQT Partners	Buyout
Marnys	Magnum Partners	Buyout
Samy Road	Bridgepoint	Buyout
Arthex Biotech	Invivo Ventures, Advent France, CDTI, etc	Early Stage
Blue Marble Satellite Information Services	CDTI, Conexo Centures, Axis	Start-up
Cabify	Axis	Later Stage Venture
Innovament Education	*Axon, Kibo Ventures, Barlon Capital, etc*	Later Stage Venture
Mitiga Solutions	Creas Impacto, Faber CV, Kibo Ventures, etc	Early Stage Venture
Signalit Technology	Kibo Ventures, Insight Partners	Early Stage
The Wise Seeker	Moira Capital Partners	Early Stage

Source: SpainCap

In summary, these are two synergistic industries focused on a niche market (technology) propelled by digital transformation, a trend acting as a strong tailwind and driving favourable momentum within the sector

The future of technology consultancy is inextricably linked to the continuous advancement of existing technologies and the emergence of new ones (e.g., AI and big data). Companies will need to adapt by integrating these innovations into their production processes and business models, highlighting the growing demand for technology consultancy and the need to comply with evolving ICT regulations. We expect sustained growth for the industry (CAGR 2023-2028e: +8.7%).

Investor interest and appetite for PE remains strong, as evidenced by the impressive figures reported through September 2024 (e.g., record fundraising and 75% increase in divestments). The sector looks ripe to perform strongly in the short to medium term, driven mainly by lower financing costs.

We attribute the bright prospects for both sectors to:

- **A changing environment shaped by the emergence of new technologies.** The innovation and disruption brought by new technologies—improving people's lives or boosting business profitability—have been consistent drivers of change, particularly since the advent of the internet and connectivity.
- **A high-potential niche.** Globally, while both industries may appear non-cyclical, the technology sector—which requires significant investment—has been negatively impacted by rising financing costs. This had increased business risk, but also offers brighter growth prospects now that interest rates are coming down (with expectations for further cuts).
- **Increasing interest in alternative investments.** Private equity is gaining prominence in Spain, driven by clear investor interest (fundraising in 2023: EUR 2.7Bn vs > EUR 500Mn in 2012), fuelled by the returns on these assets and the growing need to diversify away from traditional investments.

In short, the technology sector is benefitting from new disruptive trends, such as the adoption of digital technologies, the expansion of infrastructures, the growing demand for connectivity, and the impact of AI. These trends are further supported by the strong need for capital (often provided by PE). As new companies are established, opportunities for PE will expand. Meanwhile, the demand for specialised labour, coupled with the introduction of new regulations, will continue to drive growth in the consultancy sector.

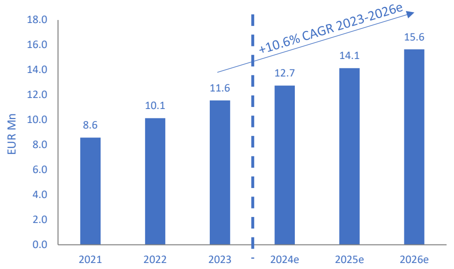
An atypical business with room for further growth (CAGR 23-26e: +15%) and margin expansion (EBITDA margin 23-26e: +5pp)

APG's business model has a proven track record delivering growth (CAGR 2019-23: +20.8%) and margin expansion (recurring EBITDA margin in 2023: 29% vs 13.4% in 2019). All three business lines have been notching up double-digit growth.

APG again posted double-digit growth in 1H24 (+15.6% vs 1H23). Note that the first half is consistently slower due to the manner in which revenue from consultancy projects is recognised (as a result of which c.60% of consolidated revenue gets recognised in the second half). As of June 2024, APG had EUR 596Mn of assets under management (AuM). As of that same date, it had carried interest (unrealised performance fees, including the share of profits accrued by the managers, conditional upon the final return) of EUR 8.7Mn (vs EUR 5Mn a year earlier).

We are looking at a services provider with a strong international presence and a focus on a growing niche industry: technology. The synergies between its two main business lines (consultancy and alternative investments) lies primarily with the defensive profile contributed by the investment line to the typically-cyclical technology consultancy business. The key questions are, therefore: What is the outlook for the business model in the medium and long term? Can the company sustain the current double-digit growth for the next three years and how much FCF can it generate?

Chart 29. Consultancy Revenue (2021-2026e)

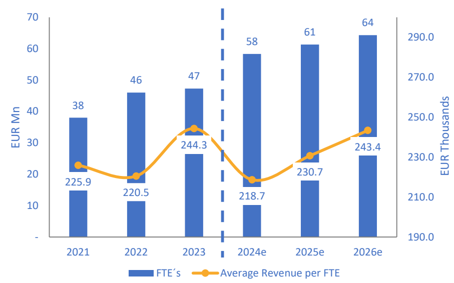


Consultancy: An opportunity to carve out a place in the Middle East (CAGR 2023-26e: +10.6%)

Businesses' pressing need to innovate and adapt to change, specifically to adopt emerging technologies such as AI and the IoT, has fuelled strong growth for technology consultancy services. The outsourcing of these services, coupled with growing recognition of the APG brand, are the key growth drivers for this business line for the years to come.

Geographically, the company's strong presence in Saudi Arabia (61.7% of consultancy revenue in 2023) brings two opportunities: i) the scope for entering adjacent new markets such as Dubai and Qatar, a high-potential region that could unlock organic growth; and ii) the possibility of securing more profitable contracts in other regions. APG presents revenue per full-time employee (FTE) of over EUR 200k (vs c.EUR 130k at the Big 4 and c.USD 394k at McKinsey & Company, Boston Consulting and Bain). Revenue per FTE is expected to fall temporarily in 2024e (-10.5% vs 2023) due to the sharp increase in the number of consultants observed in 1H24 (56 employees in consultancy vs 47 in 2023) before going on to recover in the following years to an estimated average of EUR 243k (with 64 consultants) in 2026e.

Chart 30. FTE vs Rev/FTE (2021-2026e)



We expect organic revenue growth to remain in the double digits in 2024e (+10.3% vs +13.9% 2023). And we are estimating revenue of EUR 15.6Mn in 2026e (vs EUR 11.6Mn in 2023). That estimate implies ongoing double-digit growth in both 2025e (+10.9%) and 2026e (+10.7%), in line with the growth anticipated in the consultancy sector. This business line is expected to lose share in the overall revenue mix: 51.3% in 2026e vs 58.1% in 2023.

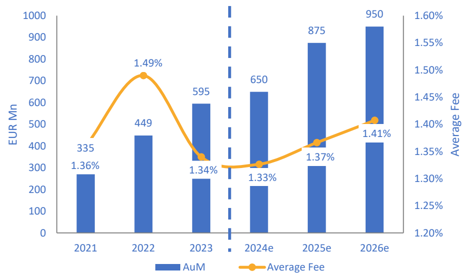
Table 5. Revenue and EBITDA in the consultancy division (2021-26e)

Consulting	2021	2022*	2023*	2024e	2025e	2026e	CAGR 23-26e
Consulting Revenue	**8.6**	**10.1**	**11.6**	**12.7**	**14.1**	**15.6**	**10.6%**
Var. y/y	*25.3%*	*18.2%*	*13.9%*	*10.3%*	*10.9%*	*10.7%*	
Consulting Rec. EBITDA	**2.4**	**2.5**	**2.9**	**3.2**	**3.6**	**4.0**	**11.1%**
Var. y/y	*56.5%*	*6.4%*	*13.9%*	*10.3%*	*11.6%*	*11.3%*	
Consulting EBITDA Margin	*27.8%*	*25.0%*	*25.0%*	*25.0%*	*25.1%*	*25.3%*	
FTE´s	38	46	47	58	61	64	
Average Revenue per FTE (EUR Thous	225.9	220.5	244.3	218.7	230.7	243.4	
o/Consolidated Revenue	*62.1%*	*57.3%*	*58.1%*	*57.0%*	*51.7%*	*51.3%*	
o/ Consolidated EBITDA	*63.5%*	*48.6%*	*50.1%*	*47.5%*	*39.6%*	*38.3%*	

Note: EBITDA margins in 2022 and 2023 estimated by Lighthouse.

The consultancy business's cost structure has a significant variable component. At year-end 2021, the recurring EBITDA margin in this business was 28%. By our estimates, that margin normalised in the following two years to land at 25% in 2023 (vs a sector average of 18.4%). We think this business will continue to post an EBITDA margin of c.25% through to 2026e.

Chart 31. AuM vs Average fee (2021-2026e)

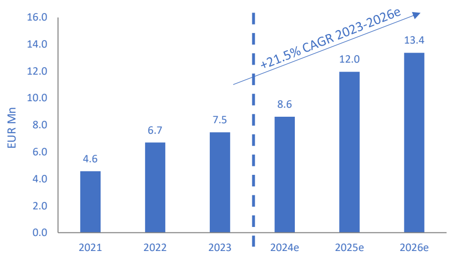


Alternative investment: the ability to raise fresh capital is the key to the firm's growth and the crux of its equity story (revenue from investment activity CAGR 2023-26e: +21.5%)

The investment line is expected to remain APG's main growth driver at the consolidated level. For several reasons: (i) the firm's proven ability to bring in new private capital; (ii) good positioning for obtaining public funds in regions like Europe (Next Generation); and (iii) growth in fees (mainly management).

In January 2024, APG was selected by the European Investment Bank to manage EUR 40Mn in Andalusia to fund investments in R&D&I and technological transformation. We expect growing recognition of APG's ability to manage investments in private equity to be key to its ability to attract new capital. We are estimating AuM of EUR 950Mn by 2026e. For 2024e, we are forecasting EUR 650Mn of AuM.

Chart 32. Revenue from alternative investment business line (2021-2026e)



APG's goal is to increase the weight of its direct investment funds (management fees of c.2%-2.5%) in its portfolio (c.80%) relative to funds of funds (management fees of 1.2%-1.4%). Doing that would translate into gradual growth in the average annual fee to an estimated 1.41% in 2026e (vs 1.34% in 2023).

We are forecasting ongoing double-digit revenue growth in the investment line in 2024e (+15.6% vs 2023) and through to 2026e (CAGR 2023-26e: +21.5%). The lack of visibility from 2025e is behind our estimate for growth of EUR 75Mn in AuM for 2026e, to EUR 950Mn.

In contrast to the situation in the consultancy business, the fixed component of the alternative investment line's cost structure is larger. As a result, our estimates reveal a significant improvement in profitability, assuming that the firm can eke out economies of scale. We are forecasting a CAGR 2023-26e in EBITDA of 24.7%. That would put EBITDA at EUR 6.2Mn in 2026e (vs EUR 3.2Mn in 2023; recurring EBITDA margin 2026e: 46.1%; vs 42.6% in 2023).

Table 6. Revenue and EBITDA in the investment division (2021-26e)

Investment	2021	2022*	2023*	2024e	2025e	2026e	CAGR 23-26e
Investment Revenue	**4.6**	**6.7**	**7.5**	**8.6**	**12.0**	**13.4**	**21.5%**
Var. y/y	*63.9%*	*46.9%*	*11.2%*	*15.6%*	*38.7%*	*11.8%*	
Investment Rec. EBITDA	**2.6**	**3.7**	**3.2**	**3.7**	**5.4**	**6.2**	**24.7%**
Var. y/y	*81.7%*	*43.5%*	*-13.2%*	*16.4%*	*46.3%*	*13.9%*	
Investment EBITDA Margin	*55.9%*	*54.6%*	*42.6%*	*42.9%*	*45.3%*	*46.1%*	
KPIs							
AuM (EUR Mn)	335	449	595	650	875	950	
Anual Average Fee	1.36%	1.49%	1.34%	1.33%	1.37%	1.41%	
o/ Consolidated Revenue	*33.0%*	*37.9%*	*37.5%*	*38.5%*	*43.7%*	*43.8%*	
o/ Consolidated EBITDA	*67.1%*	*67.7%*	*54.9%*	*55.2%*	*60.3%*	*59.6%*	

Note: EBITDA margins in 2022 and 2023 estimated by Lighthouse.

Chart 33. Consolidated Revenue (2021-2026e)

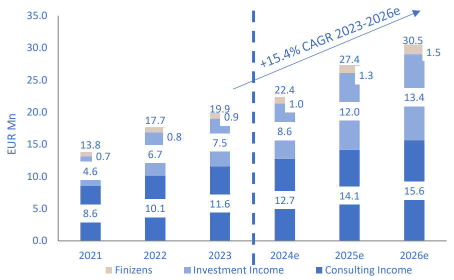
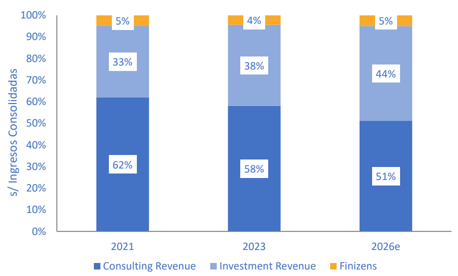


Chart 34. Revenue Mix (2021-2026e)



At the consolidated level, the increased weight of the investment line in the mix will be the main catalyst for profitability gains (EBITDA mg. 26e: 34%; +4.8pp vs 2023)

Revenue from Finizens is also expected to register double-digit growth (CAGR 2023-26e: +20.1%) to EUR 1.5Mn (vs EUR 0.9Mn in 2023). However, its contribution to the consolidated topline is forecast to remain under 5%. We are forecasting annual growth in AuM of c. EUR 120Mn to EUR 720Mn (vs EUR 400Mn in 2023). And we expect Finizens to break even throughout the projection period (in contrast to losses in prior years).

We are therefore forecasting double-digit growth in consolidated revenue to EUR 30.5Mn in 2026e (CAGR 23-26e: +15.4%). For 2024e we are forecasting consolidated revenue of EUR 22.4Mn (+12.5% vs 2023). The faster anticipated growth in the investment line (CAGR: +21.5%) relative to consultancy (CAGR: +10.6%) should translate into a gradual increase in its share of the mix. We expect the investment division to command a share of 44% in 26e (vs 38% in 23).

The recurring consolidated EBITDA margin should extend the pattern observed since 2019, widening to 33.9% by 2026e (vs 29.1% in 2023). The projected margin expansion is underpinned by three drivers: (i) the greater weight of the (higher-margin) investment line in the revenue mix; (ii) breakeven at Finizens; and (iii) the ability to obtain economies of scale in a period of sharp revenue growth.

Chart 35. Rec. EBITDA VS Rec. EBITDA Margin

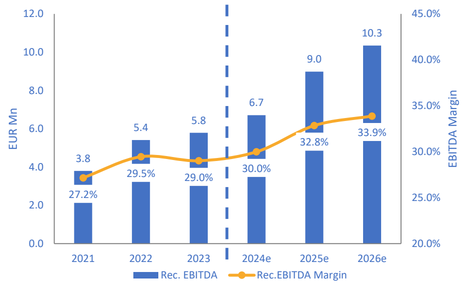


Chart 36. Rec. EBITDA vs NP

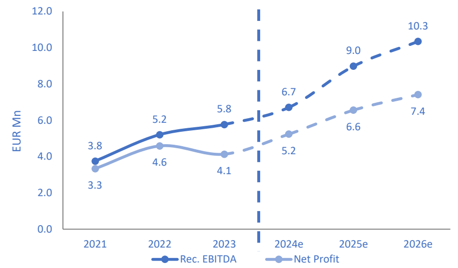


Chart 37. ROE vs ROCE (2021-2026e)

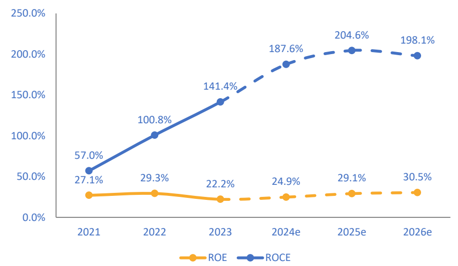


Chart 38. Net Cash / Equity (2021-2026e)

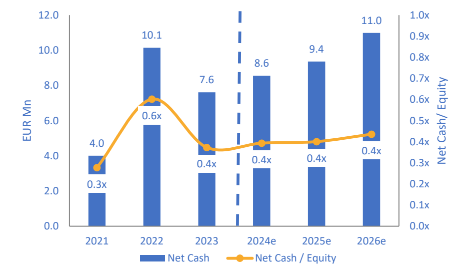
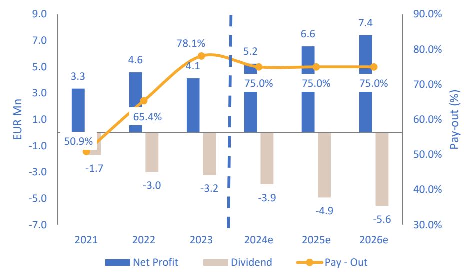


Chart 39. Net Income vs Dividends (2021-2026e)



Staff costs account for 55% of operating expenses. We are forecasting a similar ratio throughout the projection period. The weight of other operating expenses, however, should get diluted, falling to 29.5% of revenue in 2026e (vs 32.9% in 2023) if the forecast revenue growth materialises. This would translate into significant growth in recurring consolidated EBITDA, from EUR 6.7Mn in 2024e to c.EUR 10.3Mn in 2026e.

Table 7. Consolidated revenue, EBITDA and EBIT (2021-2026e)

	2021	2022	2023	2024e	2025e	2026e	CAGR 23-26e
Revenue	**13.8**	**17.7**	**19.9**	**22.4**	**27.4**	**30.5**	**15.4%**
Var. y/y	*37.6%*	*28.1%*	*12.4%*	*12.5%*	*22.2%*	*11.6%*	
Rec. EBITDA	**3.8**	**5.4**	**5.8**	**6.7**	**9.0**	**10.3**	**21.3%**
Var. y/y	*118.3%*	*42.3%*	*7.0%*	*15.9%*	*33.9%*	*15.1%*	
Rec. EBITDA Mg.	*27.5%*	*30.6%*	*29.1%*	*30.0%*	*32.8%*	*33.9%*	
EBIT	**3.5**	**5.1**	**5.6**	**6.6**	**8.9**	**10.2**	**21.9%**
Var. y/y	*97.4%*	*43.2%*	*11.4%*	*16.9%*	*34.4%*	*15.2%*	
EBIT Mg.	*25.6%*	*28.6%*	*28.4%*	*29.5%*	*32.4%*	*33.5%*	

The cost-light structure enables net profit (CAGR 2023-26e: +21.5%) to grow in line with EBIT. ROE: > 24% (ROCE: >100%)

On average, APG converted c. 90% of recurring EBITDA into net profit over the 2019-23 period. The key items for the 2024e-26e period between EBITDA and ordinary net profit are:

- depreciation and amortisation, primarily amortisation of intangible assets, with an annual charge of EUR 0.4Mn. This relatively low figure reflects APG's policy of capitalising software development costs (over a useful life of five years) in the alternative investment (Finizens) division. These costs represent c. 80% of the total D&A charge.

- Capitalised R&D costs relate primarily to staff costs related with the development of Finizen's management software (roboadvisor). We estimate annual R&D costs of EUR 0.3Mn. Income from cost capitalisation is excluded from recurring EBITDA.

- Finance income/costs. For 2024e, we estimate EUR 0.4Mn of finance income (already recognised in 1H24) largely due to favourable exchange rate movements. For 2025e and 2026e, we assume no impact thanks to the company's cash position.

- We expect a 25% income rate for the coming years.

At the bottom line, we estimate net profit of EUR 5.2Mn for 2024e, rising to EUR 7.4Mn in 2026e (CAGR 2023-26e: +21.5%). This gives an average ROE of > 25% for the projection period.

A business model that generates abundant FCF and a net cash position, allowing for dividend increases (25e: 5%)

APG's business model produces abundant cash primarily due to its low investment requirements (c.1% of revenue), which we expect to continue through to 2026e. FCF yield in 2023 was 5.8%. Following its IPO, APG pledged to maintain a payout ratio of c.75% (of profit before tax from Consultancy + Alternative investment; ex-Finizens). It honoured this commitment in both 2022 and 2023. For 2024e, this implies a dividend yield of 4%.

We expect recurring FCF to increase to EUR 7.2Mn in 2026e (vs EUR 5.6Mn in 2023). We do not expect any significant impact from CAPEX, working capital or finance costs. This leaves recurring FCF yields of 4.9% in 2024e and 7.3% in 2026e.

In short, APG is an 'atypical' tech company with two complementary business lines set to deliver strong, profitable growth to 2026e. FCF yield 25e: 5.8%.

APG is a technology-focused services company benefiting from strong tailwinds, positioning it to sustain double-digit growth over the next three years. This growth is underpinned by an exceptionally sound balance sheet. The consultancy division leverages insights from the alternative investment line, while the latter mitigates the business risk associated with the cyclicality of consultancy. This creates a virtuous cycle that benefits APG. Key highlights:

- Our baseline scenario projects strong revenue growth, reaching EUR 30.5 Mn in 2026e (CAGR 2023-26e: +15.4%) and an increase in alternative investment's share in the revenue mix, to 44% (vs 37.5% in 2023).

- APG has the necessary means to continue expanding its already wide margins (EBITDA margin > 30%) by: (i) focusing on higher-margin areas (with a gradual increase in the alternative investment division's share), (ii) remaining competitive in geographies such as Saudi Arabia, allowing it to pass higher costs onto prices, and (iii) raising new capital in the alternative investment division.

- An exceptionally strong balance sheet (net cash position), combined with robust cash generation, positions APG to seize new M&A opportunities or increase its stakes in funds. This also supports the company's capacity to maintain a high payout ratio and attractive dividend yield.

- Commitment to shareholder remuneration. APG is committed to distributing 75% of profit before tax from its consultancy and alternative investment business lines (ex-Finizens). With Finizens (fully consolidated) on track to reach break-even in 2024e, dividend growth should be in line net profit growth (CAGR 2023-26e: +21.5%). Dividend yield 25e: 5%.

To summarise, APG is a company with an atypical business model and a proven ability of delivering strong, profitable growth (2019–24e).

The current situation is doubly propitious for APG's business model due to: (i) abundant public capital (e.g., Next Generation funds), which require intermediaries to manage investments, and (ii) a strong positioning in technology consultancy markets with robust growth prospects.

This combination underpins the 'objectively' favourable momentum APG's business has experienced over the past four years and is expected to sustain over the next three. All this amid an (apparently) low-risk environment. This further enhances the significance of the FCF we estimate the company will generate over the 2025-27 period: cumulative FCF of c.EUR 20Mn for a company with a c.EUR 98.7Mn market cap. and c.EUR 5Mn of net cash.

Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value (1)		
Free Cash Flow "To the Firm"	**4.6**	**5.8**	**7.3**	**96.9**		
Market Cap	**98.7**	At the date of this report				
Net financial debt	**-5.2**	Debt net of Cash (6m Results 2024)				
					Best Case	Worst Case
Cost of Debt	3.0%	Net debt cost			2.8%	3.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	**2.4%**	**Kd = Cost of Net Debt * (1-T)**			**2.2%**	**2.6%**
Risk free rate (rf)	3.0%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	**10.2%**	**Ke = Rf + (R * B)**			**9.0%**	**11.4%**
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	**10.2%**	**WACC = Kd * D + Ke * E**			**9.0%**	**11.4%**
G "Fair"	**2.0%**				**2.0%**	**1.5%**

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

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
Accenture	ACN-US	220,375.1	30.7	8.2%	20.0	11.9%	3.5	6.4%	17.7%	3.8%	10.2%
Marsh&Mclennan	MMC-US	100,004.9	24.3	9.2%	16.8	10.3%	4.8	8.4%	28.7%	4.2%	10.4%
CAP Gemini	CAP-FR	26,798.3	13.5	6.0%	8.6	3.4%	1.4	3.2%	16.0%	7.2%	6.6%
Booz Allen	BAH-US	16,120.1	20.8	11.4%	14.9	8.0%	1.6	7.1%	11.0%	5.5%	4.4%
Sopra Steria Group	SOP-FR	3,413.0	9.3	8.0%	6.7	2.2%	0.8	2.4%	12.7%	9.7%	4.5%
Wavestone	WAVE-FR	996.3	11.9	10.5%	8.1	9.9%	1.1	4.2%	13.7%	7.1%	15.2%
Consulting			18.4	8.9%	12.5	7.6%	2.2	5.3%	16.6%	6.3%	8.5%
EQT AB	EQT-SE	33,005.4	28.2	30.5%	23.5	30.2%	13.3	20.5%	56.7%	2.5%	41.6%
TPG	TPG-US	22,750.6	33.1	26.9%	10.1	25.4%	5.0	16.7%	49.3%	3.7%	-0.4%
Bridgepoint Group	BPT-GB	3,587.1	19.7	10.1%	4.4	15.2%	2.3	12.4%	51.3%	5.4%	27.4%
Tikehau Capital	TKO-FR	3,513.3	17.9	49.2%	17.5	39.6%	8.3	26.3%	47.7%	5.3%	46.5%
Private Equity			24.7	29.2%	13.9	27.6%	7.2	19.0%	51.2%	4.2%	28.8%
APG	APG-ES	98.7	18.9	19.0%	11.4	24.2%	3.4	16.8%	30.0%	4.9%	21.6%

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	**36.1%**	**9.9**	**7.7x**
Central	**32.8%**	**9.0**	**8.5x**
Min	**29.5%**	**8.1**	**9.5x**

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

Rec. FCF EUR Mn	CAPEX/Sales 25e		
EBITDA 25e	0.4%	0.5%	0.6%
9.9	**6.7**	**6.6**	**6.6**
9.0	**5.8**	**5.7**	**5.7**
8.1	**4.9**	**4.8**	**4.8**

Scenario	Rec. FCF/Yield 25e		
Max	**6.8%**	**6.7%**	**6.7%**
Central	**5.8%**	**5.8%**	**5.8%**
Min	**4.9%**	**4.9%**	**4.9%**

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What could go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly for operating profit and free cash flow:

1. **Consultancy business risk:** In 2023, 87.3% of revenue from APG's consultancy division was generated outside the European Union, mainly in the Middle East (61.7%; predominantly Saudi Arabia). Regulatory or policy (e.g., tax labour) changes in these regions could have an adverse impact on APG's consultancy operations.

   A contraction in the consultancy division's EBITDA margin of 3.5pp in 2024 to 21.5%—due to less lucrative contract wins or increased OPEX—would reduce consolidated recurring EBITDA for 2024e by 7% to EUR 6.2Mn (vs EUR 6.7Mn in our baseline scenario).

2. **Currency risk:** APG is exposed to foreign currency risk through its consultancy services and its investments outside Europe. The company does not employ hedging strategies to mitigate the impact of currency fluctuations on the bottom half of the P&L (FX impact in 2023: c. 5% of EBIT). Increased exposure to countries outside the euro area—these represented 87% of APG's consultancy revenue in 2023—would heighten currency risk, potentially reducing consolidated net profit.

3. **Financial market downturn:** APG's investment business accounted for 37.5% of revenue in 2023, exposing the company to fluctuations in the valuations of its portfolio companies. A weakening macroeconomic environment (e.g., high inflation, low GDP growth, increased unemployment) that affects financial markets could have an adverse impact on the value of the company's investments. This would, in turn, affect fundraising and reduce this business line's operating profit. Additionally, events with a significant impact on the market (e.g., Covid-19) could affect expected returns and reduce expected income from divestments.

4. **Portfolio risk:** Gross returns (IRR) from funds are critical for attracting new investors and securing new capital. The success of existing funds—with average useful life of 10 years—will determine the company's ability to attract new capital and scale its investment business, especially from institutional and public investors. A decline in the portfolio's IRR to <20% (benchmark average) could have an adverse impact on future fundraising.

   If assets under management (AuM) in 2024 remain unchanged from 2023 at EUR 595Mn (vs EUR 650Mn in our baseline scenario), consolidated revenue in 2024e would decrease to EUR 21.5Mn (vs EUR 22.4Mn in our estimates) and EBITDA would fall by 6% (vs our baseline scenario).

5. **Reputational risk:** Any damage to APG's public impact, a public relations crisis, or ethical or legal problems, could have an adverse impact on investor, client, or shareholder confidence. This could lead to a loss of consultancy contracts and pose challenges raising new capital.

6. **Key personnel attraction and retention ability:** In the technology consultancy sector, APG's highly skilled workforce is its main asset. A loss of employees with specialist knowledge could cause delays in innovation projects, increased development costs, and a weakened competitive position against more agile competitors.

   A reduction in revenue per consultant (revenue/FTE) of 25% in 2024e (vs a 10.5% decline in our central scenario) would reduce consolidated revenue in 2024e by c.9.5% to EUR 20.3Mn (vs EUR 22.4Mn in our estimates) and consolidated EBITDA 2024e by 8%.

7. **Competition and commercial risk:** APG's high margins—a common feature of the consultancy sector—could attract new entrants. This could lead to customer churn, market share loss, and margin contraction. Additionally, in the investment division, many private equity (PE) firms compete for the same assets. This could drive up purchase prices, thereby eroding margins and profitability.

A slowdown in organic growth in 2024e to 5% (vs the 12.5% in our baseline scenario) would reduce consolidated EBITDA 2024e to EUR 6.2Mn (vs EUR 6.7Mn in our estimates).

8. **Misjudged M&A:** APG's strong balance sheet and net cash position create inorganic growth opportunities to penetrate new markets. A poorly planned acquisition—our estimates do not factor in any M&A—could deliver lower-than-expected synergies, compromising financial resources and destroying value.

9. **Higher OPEX:** Staff costs are APG's largest expense item. On our estimates, these costs will amount to c.37% of revenue in the coming years. An increase in the staff costs-to-revenue ratio to c.39% would reduce APG's EBITDA margin for 2024e by 2.3pp to 28.7% (vs 30% in our estimates).

10. **High concentration in the technology sector:** Both APG's consultancy and investment divisions are heavily focused on the technology sector. This concentration makes the company highly sensitive to the performance of this industry. And this implies higher business risk. Moreover, returns in the venture capital (VC) segment depend on successful exit strategies (e.g., sales to third parties, buyouts). Outcomes are influenced by factors other than macroeconomic conditions.

11. **Lower dividend distribution:** A cornerstone of APG's equity story is its high shareholder remuneration through dividends. A reduction in net profit or change in reinvestment policy (e.g., funding new projects, investments, or M&A) could lead to lower-than-expected dividend distribution.

    A decline in our estimate for net profit in 2024e of 10% would reduce dividends to EUR 3.5Mn (vs the EUR 3.9Mn estimated for 2024e), lowering the dividend yield to 3.5% (vs 4% in our baseline scenario).

A board with a majority of proprietary directors, controlling c.90% of APG's capital

APG's July 2022 IPO triggered the renewal of the company's board of directors. The three founders—Francisco Velázquez (chairman), Alfonso de León and Dimitri Kallinis—are core shareholders (84% of the capital) and all serve as board members. Key features of corporate governance at AGP:

1. **A board controlled by the founders…** APG overhauled its board of directors between June and December 2022, increasing its size from four to six members (Table 8). The aim was to increase the percentage of independent directors (33.3% today compared to 12.5% in 2022; Table 10) in line with the recommendations of the CNMV's Good Governance Code for Listed Companies (33.3% of the total) that do not have a large capitalisation.

   The majority of Audit, Control and Compliance Committee members are still independent directors (chaired by Antonio Rodríguez-Piña). APG does not have an Appointments and Remuneration Committee.

   The board has no 'pure' executive directors (i.e., directors without shareholding interests). Of the four proprietary directors, three perform executives duties, while the fourth, Pedro del Pozo Vallejo, represents Mutualidad de la Abogacía Española, which holds a 3.9% stake. The two remaining board members are independent directors. The by-law-stipulated tenure for directors is four years, renewable for terms of equal length. There is no limit on the number of terms a director can serve.

2. **…fully engaged in the company's management.** APG's share capital is basically held by its founders (combined 84% stake). They are all Co-CEOs, thus ensuring alignment between the interests of management and non-controlling shareholders.

Chart 8. Shareholder Structure

Name	Direct	Indirect	Total
Francisco Velázquez De Cuéllar*	0.0%	38.8%	38.8%
Alfonso de León*	0.0%	30.9%	30.9%
Dimitri Kallinis*	1.8%	14.3%	14.3%
Pedro Del Pozo Vallejo*	0.0%	3.9%	3.9%
Free Float			12.1%
Total			**100.0%**

Note 1: Francisco Velázquez represents ACE and TIE Servicios y Promociones.
Note 2: Alfonso de León represents Manatio.
Note 3: Dimitri Kallinis represents Aeolos Consulting.
Note 4: Pedro del Pozo represents Mutualidad Abogacía Española.

Chart 9. Board of Directors

Name	Category	Position	Date	%Capital
Francisco Velázquez De Cuéllar	Dominical	President/CEO	2022	38.8%
Alfonso de León	Dominical	CEO	2022	30.9%
Dimitri Kallinis	Dominical	CEO	2022	14.3%
Pedro Del Pozo Vallejo*	Dominical	Board Member	2022	3.9%
Antonio Rodríguez-Pina Borges	Independent	Board Member	2022	0.0%
Nuria Villanova	Independent	Board Member	2022	0.0%
			Total	**87.9%**

Note: The percentage of capital includes the direct and indirect interest held personally and by the companies represented.
* Note 1: Proprietary director nominated by Mutualidad Abogacía Española (3.9% shareholding).

Table 10. Key corporate governance metrics

KPI	2021	2022	2023
% of independent directors	0.0%	33.3%	33.3%
% propietary directors	100.0%	66.7%	66.7%
% of executive directors*	0.0%	0.0%	0.0%
% of woman on the board of directors	0.0%	0.0%	16.7%
% of woman in the workforce	25.9%	23.0%	29.7%
% Remuneration of the board/personnel costs	19.9%	18.3%	18.5%
Number of confirmed cases of corruption	0	0	0

*Note: In addition to serving as proprietary directors, Francisco Velázquez, Alfonso de León and Dimitri Kallinis carry out executive duties in their roles as Co-CEOs.

3. **Director and senior management remuneration.** In June 2023, the board approved annual remuneration of EUR 25k for each non-executive director. The aggregate remuneration of the three executives and founders in 2023 breaks down as follows: (i) revenue from management services charged to APG, amounting to EUR 891k (EUR 767k in 2022) and (ii) salaries for executives duties of EUR 460k (EUR 283k in 2022).

   The total remuneration paid to directors and senior managers in 2023 amounted to EUR 1.4Mn (18.5% of total personnel expenses vs c.18.3% in 2022). The company has not assumed any pension commitments on behalf of its directors or extended them any guarantees or advances. Additionally, senior manager contracts do not include any golden parachute or termination clauses.

4. **No explicit diversity policy.** Nuria Villanova, a director since 2022, is the only female member of the board. Female employees represented c.30% of APG's total headcount in 2023 (above the c.25% average of previous years).

Table 11. Audit, Compliance and Conflicts of Interest Committee

Member of the Commission	Category	Position
Antonio Rodríguez-Pina Borges	Propietary	President
Nuria Villanova	Independent	Member
Pedro del Pozo Vallejo	Independent	Member

5. **Variable remuneration scheme for key personnel.** In 2022, APG implemented a variable remuneration scheme for key personnel designed to retain and attract talent.

   The scheme allocates amounts a maximum of 67,256 shares (1.3% of total outstanding shares; c.EUR 1Mn) evenly over the 2022-25 period. The company has reserved the option to introduce additional remuneration plans in the future, with the total amount capped at EUR 7Mn. APG has malus and clawback clauses covering the distribution of shares earmarked for the variable remuneration scheme.

6. **Shareholder remuneration.** APG has paid dividends consistently over the past five years (including 2020). The current policy stipulates an ordinary (cash) dividend payout equal to 75% of net operating profit from the Consultancy and Alternative Investment divisions (excluding the profit of Finizens; see page 11 under Business description). For 2023, the company approved a EUR 0.63/share dividend (dividend yield 2023: 3.4%). APG's commitment to shareholder remuneration remains a cornerstone of its business appeal, and we expect it will continue to play an important role in the medium to long term.

7. **Sustainability and ESG policies.** APG is not legally required to issue a Non-Financial Statement (NFS). However, the company has taken a pro-active approach to sustainability. It has an ESG Committee, a Code of Ethics, a whistleblowing channel, and an anti-corruption plan. It has also pledged to comply with four of the 17 Sustainable Development Goals (SDGs); i.e., gender equality, decent work and economic growth, responsible consumption and production, and partnerships for the goals. Additionally, APG reports on the alignment of portfolio companies with the SDGs.

8. **Conflicts of interest.** APG owns 24.4% of Fintech Holding 2015 which in turn owns 100% of Axon Wealth Advisory Digital, the entity that owns the Finizens opco.

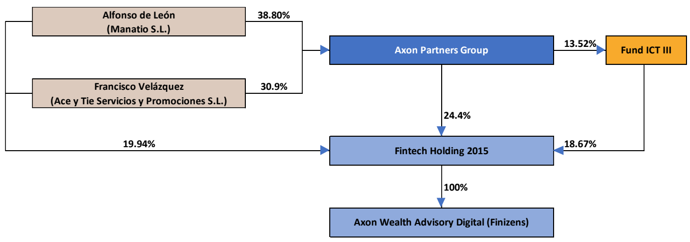
   APG's majority shareholders, Francisco Velázquez and Alfonso de León, who together control 69.7% of APG's capital, also hold an additional 19.94% of Fintech Holding 2015 through their respective wholly-owned companies (ACE and TIE Servicios y Promociones and Manatio). Lastly, the Axon ICT III fund, in which APG has a 13.52% interest, holds a 18.67% stake in Fintech Holding 2015. APG consolidates the company (Finizens) despite only having a 24% direct shareholding since it has control (majority voting rights).

   This gives rise to a dual conflict of interest that could potentially affect APG directly:

   - Through APG's majority shareholders who, as well as APG, are majority shareholders of Fintech Holding 2015.
   - Through the Axon ICT III fund, as it has an 18.67% interest in a company (Fintech Holding 2025) in which APG (which holds a 13.52% interest in the fund) is a significant shareholder.

   In any event, the group has a board-approved conflict of interest policy (updated in 2024).

Chart 39. Interest in Fintech Holding 2015



9. **Related party balances and transactions.** The most significant related party transactions in 2023 involved lease payments amounting to EUR 198k to Sagasta 18, S.L. (an investee owned equally by Francisco Velázquez, Alfonso de León and Dimitri Kallinis). In 2022, APG sold (and leased back) a property located at Calle Sagasta, 18, in Madrid, to Sagasta 18, S.L. for EUR 2.9Mn. There are no material related party balances on the statement of financial position.

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.9	1.1	1.0	0.9	0.8	0.7	0.6	0.5
Fixed assets	3.0	2.9	2.9	0.1	0.1	0.2	0.3	0.5
Other Non Current Assets	0.1	0.1	0.0	0.0	0.2	0.2	0.2	0.2
Financial Investments	7.5	8.5	10.2	7.2	14.6	14.6	14.6	14.6
Goodwill & Other Intangilbles	-	-	-	-	-	-	-	-
Current assets	4.1	3.0	4.3	5.2	5.2	6.5	7.7	8.6
Total assets	**15.6**	**15.6**	**18.4**	**13.4**	**20.9**	**22.1**	**23.4**	**24.3**
Equity	11.5	10.3	14.4	16.9	20.4	21.7	23.4	25.2
Minority Interests	2.5	1.5	3.0	2.3	2.5	2.5	2.5	2.7
Provisions & Other L/T Liabilities	1.3	1.4	1.2	1.4	1.8	1.8	1.8	1.8
Other Non Current Liabilities	-	-	-	-	-	-	-	-
Net financial debt	(1.8)	(0.9)	(4.0)	(10.1)	(7.6)	(8.6)	(9.4)	(11.0)
Current Liabilities	2.3	3.4	3.8	3.0	3.9	4.7	5.1	5.7
Equity & Total Liabilities	**15.6**	**15.6**	**18.4**	**13.4**	**20.9**	**22.1**	**23.4**	**24.3**

									CAGR	
P&L (EUR Mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**19-23**	**23-26e**
Total Revenues	**9.3**	**10.0**	**13.8**	**17.7**	**19.9**	**22.4**	**27.4**	**30.5**	***20.8%***	***15.4%***
Total Revenues growth	*n.a.*	*7.5%*	*37.6%*	*28.1%*	*12.4%*	*12.5%*	*22.2%*	*11.6%*		
COGS	-	-	-	-	-	-	-	-		
Gross Margin	**9.3**	**10.0**	**13.8**	**17.7**	**19.9**	**22.4**	**27.4**	**30.5**	***20.8%***	***15.4%***
Gross Margin/Revenues	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*		
Personnel Expenses	(3.2)	(3.6)	(4.8)	(5.7)	(7.6)	(8.4)	(10.2)	(11.2)		
Other Operating Expenses	(4.8)	(4.7)	(5.2)	(6.6)	(6.5)	(7.2)	(8.2)	(9.0)		
Recurrent EBITDA	**1.3**	**1.7**	**3.8**	**5.4**	**5.8**	**6.7**	**9.0**	**10.3**	***46.0%***	***21.3%***
Recurrent EBITDA growth	*n.a.*	*36.6%*	*118.3%*	*42.3%*	*7.0%*	*15.9%*	*33.9%*	*15.1%*		
Rec. EBITDA/Revenues	*13.7%*	*17.4%*	*27.5%*	*30.6%*	*29.1%*	*30.0%*	*32.8%*	*33.9%*		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	-	-	-		
EBITDA	**1.3**	**1.7**	**3.8**	**5.2**	**5.8**	**6.7**	**9.0**	**10.3**	***46.4%***	***21.5%***
Depreciation & Provisions	(0.3)	(0.4)	(0.5)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)		
Capitalized Expense	0.4	0.5	0.2	0.3	0.3	0.3	0.3	0.3		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	**1.3**	**1.8**	**3.5**	**5.1**	**5.6**	**6.6**	**8.9**	**10.2**	***43.8%***	***21.9%***
EBIT growth	*n.a.*	*35.7%*	*97.4%*	*43.2%*	*11.4%*	*16.9%*	*34.4%*	*15.2%*		
EBIT/Revenues	*14.1%*	*17.8%*	*25.6%*	*28.6%*	*28.4%*	*29.5%*	*32.4%*	*33.5%*		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	0.0	(0.2)	(0.0)	0.1	(0.2)	0.4	(0.1)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	**1.3**	**1.6**	**3.5**	**5.2**	**5.5**	**7.0**	**8.8**	**10.1**	***42.2%***	***22.8%***
Ordinary Profit Growth	*n.a.*	*21.8%*	*115.5%*	*48.8%*	*4.7%*	*28.2%*	*25.3%*	*15.4%*		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	**1.3**	**1.6**	**3.5**	**5.2**	**5.5**	**7.0**	**8.8**	**10.1**	***42.2%***	***22.8%***
Tax Expense	(0.6)	(0.8)	(1.2)	(1.3)	(1.6)	(1.7)	(2.2)	(2.5)		
Effective Tax Rate	*47.3%*	*50.0%*	*34.8%*	*24.4%*	*28.9%*	*25.0%*	*25.0%*	*25.0%*		
Minority Interests	0.9	0.8	1.1	0.7	0.3	(0.0)	(0.0)	(0.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	**1.6**	**1.6**	**3.3**	**4.6**	**4.1**	**5.2**	**6.6**	**7.4**	***26.4%***	***21.5%***
Net Profit growth	*n.a.*	*1.2%*	*104.0%*	*37.3%*	*-9.9%*	*26.6%*	*25.4%*	*13.0%*		
Ordinary Net Profit	**1.9**	**2.0**	**3.5**	**4.7**	**4.1**	**5.2**	**6.6**	**7.4**	***22.2%***	***21.4%***
Ordinary Net Profit growth	*n.a.*	*6.1%*	*79.4%*	*33.7%*	*-12.5%*	*26.2%*	*25.4%*	*13.0%*		

									CAGR	
Cash Flow (EUR Mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**19-23**	**23-26e**
Recurrent EBITDA						**6.7**	**9.0**	**10.3**	***46.0%***	***21.3%***
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.4)	(0.8)	(0.4)		
Recurrent Operating Cash Flow						**6.3**	**8.2**	**10.0**	***92.0%***	***14.7%***
CAPEX						(0.1)	(0.1)	(0.2)		
Net Financial Result affecting the Cash Flow						0.4	(0.1)	(0.1)		
Tax Expense						(1.7)	(2.2)	(2.5)		
Recurrent Free Cash Flow						**4.9**	**5.7**	**7.2**	***51.3%***	***8.5%***
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**4.9**	**5.7**	**7.2**	***45.4%***	***33.7%***
Capital Increase						-	-	-		
Dividends						(3.9)	(4.9)	(5.6)		
Net Debt Variation						**(0.9)**	**(0.8)**	**(1.6)**		

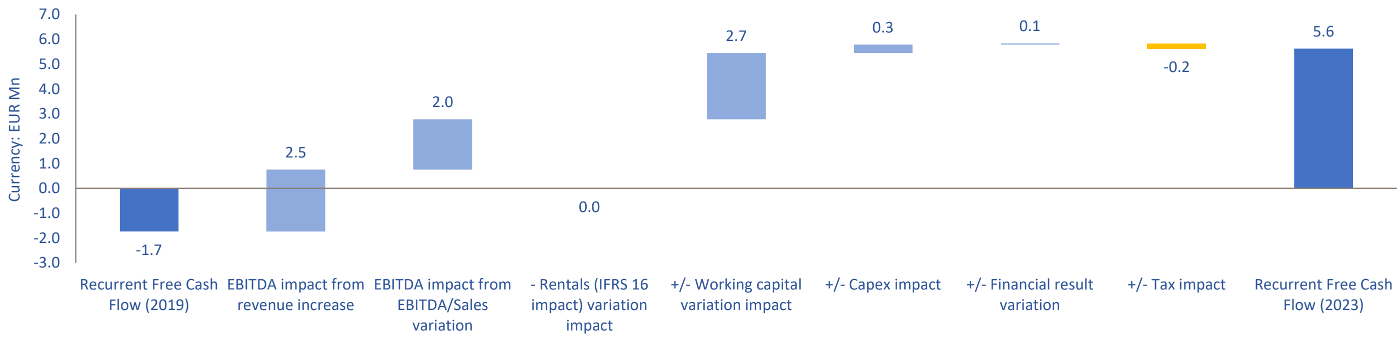
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
Recurrent EBITDA	**1.7**	**3.8**	**5.4**	**5.8**	**6.7**	**9.0**	**10.3**	***49.2%***	***21.3%***
Recurrent EBITDA growth	*36.6%*	*118.3%*	*42.3%*	*7.0%*	*15.9%*	*33.9%*	*15.1%*		
Rec. EBITDA/Revenues	*17.4%*	*27.5%*	*30.6%*	*29.1%*	*30.0%*	*32.8%*	*33.9%*		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	2.2	(0.9)	(1.7)	0.8	(0.4)	(0.8)	(0.4)		
= Recurrent Operating Cash Flow	**4.0**	**2.9**	**3.7**	**6.6**	**6.3**	**8.2**	**10.0**	***18.4%***	***14.7%***
Rec. Operating Cash Flow growth	*798.9%*	*-26.3%*	*25.4%*	*79.5%*	*-4.4%*	*29.2%*	*22.1%*		
Rec. Operating Cash Flow / Sales	*39.7%*	*21.3%*	*20.8%*	*33.2%*	*28.2%*	*29.9%*	*32.7%*		
- CAPEX	(0.6)	(0.3)	0.1	(0.1)	(0.1)	(0.1)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.1)	(0.0)	0.1	0.4	(0.1)	(0.1)		
- Taxes	0.5	(0.8)	(1.5)	(1.0)	(1.7)	(2.2)	(2.5)		
= Recurrent Free Cash Flow	**3.9**	**1.8**	**2.3**	**5.6**	**4.9**	**5.7**	**7.2**	***13.3%***	***8.5%***
Rec. Free Cash Flow growth	*322.9%*	*-52.3%*	*22.6%*	*148.5%*	*-13.6%*	*18.0%*	*25.3%*		
Rec. Free Cash Flow / Revenues	*38.5%*	*13.4%*	*12.8%*	*28.3%*	*21.7%*	*21.0%*	*23.5%*		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	(1.7)	(0.1)	0.0	(2.6)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	**2.2**	**1.8**	**2.3**	**3.0**	**4.9**	**5.7**	**7.2**	***11.7%***	***33.7%***
Free Cash Flow growth	*276.8%*	*-18.1%*	*30.0%*	*30.9%*	*61.5%*	*18.0%*	*25.3%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*3.9%*	*1.9%*	*2.3%*	*5.7%*	*4.9%*	*5.8%*	*7.3%*		
Free Cash Flow Yield (s/Mkt Cap)	*2.2%*	*1.8%*	*2.3%*	*3.0%*	*4.9%*	*5.8%*	*7.3%*		

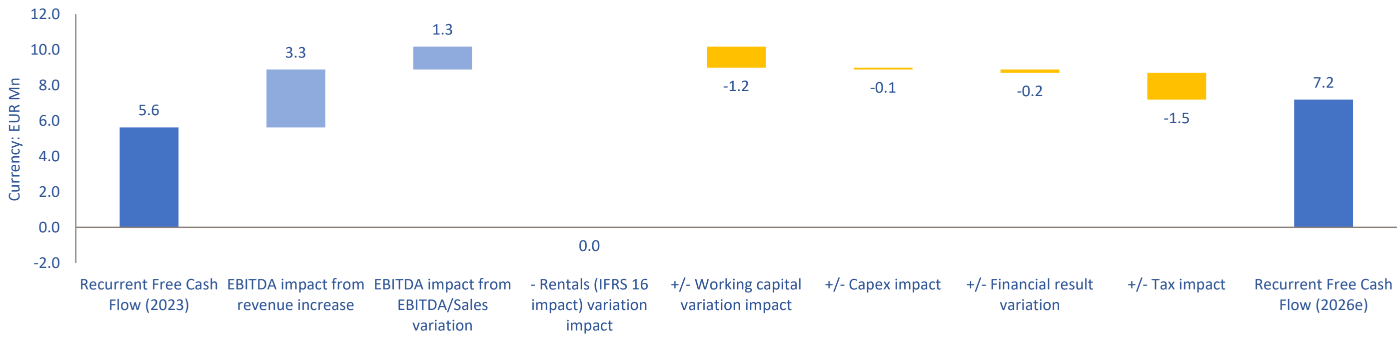
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2020	2021	2022	2023	2024e	2025e	2026e
Recurrent FCF(FY - 1)	**(1.7)**	**3.9**	**1.8**	**2.3**	**5.6**	**4.9**	**5.7**
EBITDA impact from revenue increase	0.1	0.7	1.1	0.7	0.7	1.5	1.0
EBITDA impact from EBITDA/Sales variation	0.4	1.4	0.5	(0.3)	0.2	0.8	0.3
= Recurrent EBITDA variation	**0.5**	**2.1**	**1.6**	**0.4**	**0.9**	**2.3**	**1.4**
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-
+/- Working capital variation impact	4.1	(3.1)	(0.9)	2.5	(1.2)	(0.4)	0.4
= Recurrent Operating Cash Flow variation	**4.6**	**(1.0)**	**0.7**	**2.9**	**(0.3)**	**1.8**	**1.8**
+/- CAPEX impact	(0.2)	0.3	0.3	(0.1)	(0.1)	(0.0)	(0.0)
+/- Financial result variation	(0.1)	0.0	0.0	0.1	0.3	(0.5)	-
+/- Tax impact	1.3	(1.3)	(0.7)	0.4	(0.7)	(0.4)	(0.3)
= Recurrent Free Cash Flow variation	**5.6**	**(2.0)**	**0.4**	**3.4**	**(0.8)**	**0.9**	**1.5**
Recurrent Free Cash Flow	**3.9**	**1.8**	**2.3**	**5.6**	**4.9**	**5.7**	**7.2**

C) "FCF to the Firm" (pre debt service) (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
EBIT	**1.8**	**3.5**	**5.1**	**5.6**	**6.6**	**8.9**	**10.2**	***46.6%***	***21.9%***
** Theoretical Tax rate*	*30.0%*	*30.0%*	*24.4%*	*28.9%*	*25.0%*	*25.0%*	*25.0%*		
= Taxes (pre- Net Financial Result)	(0.5)	(1.1)	(1.2)	(1.6)	(1.6)	(2.2)	(2.6)		
Recurrent EBITDA	**1.7**	**3.8**	**5.4**	**5.8**	**6.7**	**9.0**	**10.3**	***49.2%***	***21.3%***
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	2.2	(0.9)	(1.7)	0.8	(0.4)	(0.8)	(0.4)		
= Recurrent Operating Cash Flow	**4.0**	**2.9**	**3.7**	**6.6**	**6.3**	**8.2**	**10.0**	***18.4%***	***14.7%***
- CAPEX	(0.6)	(0.3)	0.1	(0.1)	(0.1)	(0.1)	(0.2)		
- Taxes (pre- Financial Result)	(0.5)	(1.1)	(1.2)	(1.6)	(1.6)	(2.2)	(2.6)		
= Recurrent Free Cash Flow (To the Firm)	**2.9**	**1.6**	**2.5**	**4.9**	**4.6**	**5.8**	**7.3**	***19.9%***	***13.9%***
Rec. Free Cash Flow (To the Firm) growth	*308.8%*	*-43.9%*	*57.0%*	*95.8%*	*-7.3%*	*27.5%*	*25.0%*		
Rec. Free Cash Flow (To the Firm) / Revenues	28.4%	11.6%	14.2%	24.7%	20.4%	21.2%	23.8%		
- Acquisitions / + Divestments	(1.7)	(0.1)	0.0	(2.6)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	**1.1**	**1.5**	**2.5**	**2.3**	**4.6**	**5.8**	**7.3**	***26.3%***	***46.6%***
Free Cash Flow (To the Firm) growth	*234.2%*	*33.3%*	*67.2%*	*-9.5%*	*97.9%*	*27.5%*	*25.0%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*3.7%*	*2.1%*	*3.3%*	*6.4%*	*6.0%*	*7.6%*	*9.5%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*1.5%*	*2.0%*	*3.3%*	*3.0%*	*6.0%*	*7.6%*	*9.5%*		

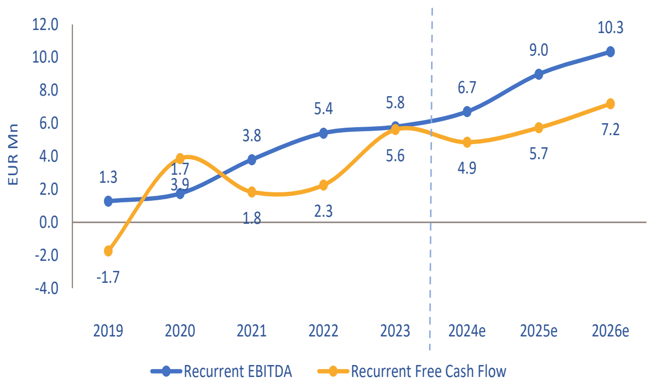
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)



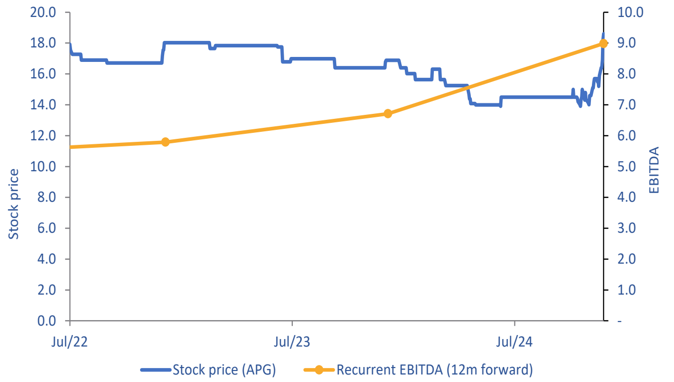
Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	98.7	
+ Minority Interests	2.4	6m Results 2024
+ Provisions & Other L/T Liabilities	1.7	6m Results 2024
+ Net financial debt	(5.2)	6m Results 2024
- Financial Investments	14.6	6m Results 2024
+/- Others[(1)]	(6.6)	6m Results 2024
Enterprise Value (EV)	**76.4**	

(1) Amount corresponding to APG's participation in Finizens

Appendix 4. Historical performance[1]

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 13-23	CAGR 23-26e
Total Revenues							**9.3**	**10.0**	**13.8**	**17.7**	**19.9**	**22.4**	**27.4**	**30.5**	***n.a.***	***15.4%***
Total Revenues growth							*n.a.*	*7.5%*	*37.6%*	*28.1%*	*12.4%*	*12.5%*	*22.2%*	*11.6%*		
EBITDA							**1.3**	**1.7**	**3.8**	**5.2**	**5.8**	**6.7**	**9.0**	**10.3**	***n.a.***	***21.5%***
EBITDA growth							*n.a.*	*37.1%*	*117.8%*	*38.8%*	*10.7%*	*16.3%*	*33.9%*	*15.1%*		
EBITDA/Sales							*13.5%*	*17.2%*	*27.2%*	*29.5%*	*29.0%*	*30.0%*	*32.8%*	*33.9%*		
Net Profit							**1.6**	**1.6**	**3.3**	**4.6**	**4.1**	**5.2**	**6.6**	**7.4**	***n.a.***	***21.5%***
Net Profit growth							*n.a.*	*1.2%*	*104.0%*	*37.3%*	*-9.9%*	*26.6%*	*25.4%*	*13.0%*		
Adjusted number shares (Mn)							0.5	0.5	0.5	5.0	5.2	5.3	5.3	5.3		
EPS (EUR)							3.43	3.47	7.08	0.91	0.80	0.99	1.24	1.40	*n.a.*	*20.3%*
EPS growth							*n.a.*	*1.2%*	*n.a.*	*-87.2%*	*-11.8%*	*23.0%*	*25.4%*	*13.0%*		
Ord. EPS (EUR)							3.95	4.19	7.51	0.94	0.80	0.99	1.24	1.40	*n.a.*	*20.2%*
Ord. EPS growth							*n.a.*	*6.1%*	*79.4%*	*-87.5%*	*-14.3%*	*22.5%*	*25.4%*	*13.0%*		
CAPEX							(0.4)	(0.6)	(0.3)	0.1	(0.1)	(0.1)	(0.1)	(0.2)		
CAPEX/Sales %)							*4.3%*	*5.9%*	*2.0%*	*n.a.*	*0.3%*	*0.5%*	*0.5%*	*0.5%*		
Free Cash Flow							**(1.2)**	**2.2**	**1.8**	**2.3**	**3.0**	**4.9**	**5.7**	**7.2**	**n.a.**	**33.7%**
ND/EBITDA (x)[2]							*-1.5x*	*-0.5x*	*-1.1x*	*-1.9x*	*-1.3x*	*-1.3x*	-1.0x	-1.1x		
P/E (x)							*n.a.*	*n.a.*	*n.a.*	*19.8x*	*21.0x*	*18.9x*	15.0x	13.3x		
EV/Sales (x)							*n.a.*	*n.a.*	*n.a.*	*5.76x*	*4.67x*	*3.41x*	2.79x	2.50x		
EV/EBITDA (x)[2]							*n.a.*	*n.a.*	*n.a.*	*19.5x*	*16.1x*	*11.4x*	8.5x	7.4x		
Absolute performance							*n.a.*	*n.a.*	*n.a.*	*n.a.*	*-6.3%*	*10.2%*				
Relative performance vs Ibex 35							*n.a.*	*n.a.*	*n.a.*	*n.a.*	*-23.7%*	*-3.0%*				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.
Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2024e

		Consulting							Private Equity					
	EUR Mn	**Accenture**	**Marsh&Mclennan**	**CAP Gemini**	**Booz Allen**	**Sopra Steria Group**	**Wavestone**	**Average**	**EQT AB**	**TPG**	**Bridgepoint Group**	**Tikehau Capital**	**Average**	**APG**
Market data	**Ticker (Factset)**	ACN-US	MMC-US	CAP-FR	BAH-US	SOP-FR	WAVE-FR		EQT-SE	TPG-US	BPT-GB	TKO-FR		APG-ES
	Country	Ireland	USA	France	USA	France	France		Sweden	USA	UK	France		Spain
	Market cap	220,375.1	100,004.9	26,798.3	16,120.1	3,413.0	996.3		33,005.4	22,750.6	3,587.1	3,513.3		98.7
	Enterprise value (EV)	221,093.7	112,675.1	30,277.4	19,054.2	4,917.1	1,050.9		31,464.6	8,782.5	1,331.9	4,892.8		76.4
Basic financial information	**Total Revenues**	62,409.4	23,386.1	22,030.6	11,567.9	5,795.6	944.2		2,362.4	1,768.1	586.7	586.0		22.4
	Total Revenues growth	*1.2%*	*6.9%*	*-2.2%*	*12.8%*	*-0.2%*	*34.7%*	*8.9%*	*14.6%*	*-22.9%*	*52.5%*	*-5.5%*	*9.7%*	*12.5%*
	2y CAGR (2024e - 2026e)	*6.4%*	*8.4%*	*3.2%*	*7.1%*	*2.4%*	*4.2%*	*5.3%*	*20.5%*	*16.7%*	*12.4%*	*26.3%*	*19.0%*	*16.8%*
	EBITDA	11,052.3	6,719.8	3,528.8	1,275.1	733.3	129.3		1,339.7	871.5	301.0	279.5		6.7
	EBITDA growth	*2.2%*	*4.7%*	*7.4%*	*11.9%*	*8.2%*	*19.2%*	*8.9%*	*18.2%*	*758.3%*	*73.7%*	*n.a.*	*283.4%*	*16.3%*
	2y CAGR (2024e - 2026e)	*11.9%*	*10.3%*	*3.4%*	*8.0%*	*2.2%*	*9.9%*	*7.6%*	*30.2%*	*25.4%*	*15.2%*	*39.6%*	*27.6%*	*24.2%*
	EBITDA/Revenues	*17.7%*	*28.7%*	*16.0%*	*11.0%*	*12.7%*	*13.7%*	*16.6%*	*56.7%*	*49.3%*	*51.3%*	*47.7%*	*51.2%*	*30.0%*
	EBIT	9,677.0	5,900.2	2,912.8	1,287.4	570.1	118.1		1,179.1	849.9	260.3	265.6		6.6
	EBIT growth	*2.2%*	*2.9%*	*12.6%*	*31.1%*	*23.6%*	*22.3%*	*15.8%*	*64.9%*	*n.a.*	*72.7%*	*15.9%*	*51.1%*	*16.9%*
	2y CAGR (2024e - 2026e)	*7.7%*	*10.5%*	*5.3%*	*1.5%*	*4.5%*	*10.5%*	*6.7%*	*33.8%*	*24.2%*	*16.0%*	*42.4%*	*29.1%*	*24.5%*
	EBIT/Revenues	*15.5%*	*25.2%*	*13.2%*	*11.1%*	*9.8%*	*12.5%*	*14.6%*	*49.9%*	*48.1%*	*44.4%*	*45.3%*	*46.9%*	*29.5%*
	Net Profit	6,986.4	4,149.7	2,012.0	836.9	297.3	76.6		879.3	761.5	210.4	205.2		5.2
	Net Profit growth	*5.7%*	*14.9%*	*21.0%*	*44.9%*	*61.8%*	*31.5%*	*30.0%*	*531.6%*	*n.a.*	*146.8%*	*16.1%*	*231.5%*	*26.6%*
	2y CAGR (2024e - 2026e)	*9.8%*	*8.9%*	*5.8%*	*3.4%*	*10.6%*	*13.6%*	*8.7%*	*41.1%*	*28.5%*	*14.4%*	*47.2%*	*32.8%*	*19.0%*
	CAPEX/Sales %	*0.8%*	*1.5%*	*1.4%*	*0.8%*	*1.2%*	*0.8%*	*1.1%*	*1.0%*	*1.1%*	*0.5%*	*23.4%*	*6.5%*	*0.5%*
	Free Cash Flow	8,284.4	4,214.8	1,931.0	890.7	332.4	70.7		827.9	844.3	193.4	186.1		4.9
	Net financial debt	(855.2)	11,156.0	1,235.0	2,718.1	537.1	(14.7)		178.0	888.5	195.0	1,346.2		(8.6)
	ND/EBITDA (x)	n.a.	1.7	0.3	2.1	0.7	n.a.	1.2	0.1	1.0	0.6	4.8	1.7	(1.3)
	Pay-out	*40.2%*	*34.9%*	*29.7%*	*31.3%*	*35.1%*	*9.2%*	*30.1%*	*47.1%*	*17.0%*	*42.8%*	*65.7%*	*43.2%*	*75.0%*
Multiples and Ratios	**P/E (x)**	30.7	24.3	13.5	20.8	9.3	11.9	18.4	28.2	33.1	19.7	17.9	24.7	18.9
	P/BV (x)	8.1	7.8	2.3	12.9	1.6	1.6	5.7	4.2	10.6	3.1	1.1	4.8	4.5
	EV/Revenues (x)	3.5	4.8	1.4	1.6	0.8	1.1	2.2	13.3	5.0	2.3	8.3	7.2	3.4
	EV/EBITDA (x)	20.0	16.8	8.6	14.9	6.7	8.1	12.5	23.5	10.1	4.4	17.5	13.9	11.4
	EV/EBIT (x)	22.8	19.1	10.4	14.8	8.6	8.9	14.1	26.7	10.3	5.1	18.4	15.1	11.6
	ROE	*26.9*	*32.0*	*16.8*	*62.0*	*17.5*	*13.1*	*28.1*	*14.9*	*32.1*	*15.8*	*6.0*	*17.2*	*24.9*
	FCF Yield (%)	*3.8*	*4.2*	*7.2*	*5.5*	*9.7*	*7.1*	*6.3*	*2.5*	*3.7*	*5.4*	*5.3*	*4.2*	*4.9*
	DPS	*4.47*	*2.94*	*3.49*	*2.01*	*5.16*	*0.33*	*3.07*	*0.35*	*1.61*	*0.11*	*0.77*	*0.71*	*0.74*
	Dvd Yield	*1.3%*	*1.4%*	*2.2%*	*1.6%*	*3.1%*	*0.8%*	*1.7%*	*1.3%*	*2.6%*	*2.6%*	*3.9%*	*2.6%*	*4.0%*

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).

APG Funds

Strategy	Funds	Vintage	Amount (EUR Mn)	Gross IRR	MOIC	DPI	Stage	Footprint
Growth Strategies	Axon Innovation Growth I	2020	100	64%	2,7x	0.5x	Growth	Europe
	Axon Innovation Growth II*	2025	250	n,a	n,a	n,a	Growth	Europe
	Axon Crossover I (ISETEC)	2022	80	8%	1,3x	0.1x	Pre-IPO & Listed	Europe
	Debt I (BEI)	2024	40	n,a	n,a	n,a	Venture debt	Spain
Deep Tech	Next Technology Ventures I	2020	150	>100%	1,8x	0x	Multi-stage	Global
	Next Technology Ventures II	2023	55	39%	1,1x	0x	Seed/Early	Global
Fund of funds	Aurora I	2019	85	10%	1,2x	0,2x	Multi-stage	Global
	Aurora II	2022	40	n,a	1,0x	0x	Multi-stage	Global
Portfolio* **			**550**	**28%**	**2,3x**			
Prefunds**	Axon I (liquidated)	2011	6	67%	3,2x	2,7x	Multi-stage	Spain
	Axon II	2014	10	10%	1,8x	1x	Multi-stage	Spain
	Axon III	2016	50	25%	2,9x	1x	Multi-stage	Spain
	India Opportunities (liquidated)	2012	33	4%	1,2x	1,1x	Multi-stage	India
	Amerigo Ventures I	2013	60	14%	1,7x	0,5x	Multi-stage	Latam

* Funds in the fund-raising phase

** Funds in liquidation phase

*** The difference between the AUM published as of 1H24 EUR 596Mn and that shown in the table is explained by: (i) funds in the fund-raising phase and (ii) rounding.

Investee companies

Company	Activity	Stake	Type of Operation
Holaluz	Energy transformation	Minority	Expansion/Growth
Finizens	Automated investment fintech	Minority	Expansion/Growth
Pangea	Physical and digital travel consulting	Minority	Expansion/Growth
Metricool	Software for the management of social networks	Minority	Expansion/Growth
Embention	Autopilots for drones	Minority	Expansion/Growth
Libelium	Internet of things	Minority	Expansion/Growth
Kampaoh	Glamping	Minority	Expansion/Growth
Build to Zero	Energy storage system	Minority	Expansion/Growth
Klik	AI-based marketplace	Minority	Expansion/Growth
Erco	Photovoltaic solar energy projects	Minority	Expansion/Growth

Investments made in 2024

Company	Activity	Stake	Type of Operation
Futura	Leading educational technology for test preparation	Minority	Expansion/Growth
Kleecks	Madtech	Minority	Expansion/Growth
BeLevels	Supplier of dietary and nutritional supplements and treatments	Minority	Late Stage
Nextmol	Circular Economy	Minority	Seed
Hack a Boss	Educational Technology	Minority	Expansion/Growth
Uptime	AI-based energy efficiency	Minority	Expansion/Growth

Divestments made in 2024

Company	Activity	Stake	Type of Operation
Metricool	AdTech	Minority	Expansion/Growth
Dogfy Diet	Ped Food	Minority	Expansion/Growth

LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
23-Dec-2024	n.a.	18.60	n.a.	n.a.	Initiation of Coverage	Alfredo Echevarría Otegui

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