

EQUITY - SPAIN

Sector: Electrical Equipment

 Closing price: EUR 2.35 (26 Apr 2023)
 Report date: 27 Apr 2023 (08:30)

12m Results 2022
 Independent Equity Research

12m Results 2022

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Luis Esteban Arribas – luis.esteban@lighthouse-ieaf.com

+34 915 904 226

Endurance Motive (END), is a small Spanish company based in Valencia, created in 2018 and specialised in the development and sale of electricity storage systems using lithium-ion batteries for sustainable mobility. The sectors in which the company operates are: i) industrial, ii) marine and iii) urban mobility. The company's founders control c. 62% of total shares.

2022 results in line. The new equity story is margin improvement ("now" as of 2023e)

Market Data

Market Cap (Mn EUR and USD)	21.5	23.8
EV (Mn EUR and USD) ⁽²⁾	25.2	27.8
Shares Outstanding (Mn)	9.2	
-12m (Max/Med/Min EUR)	3.90 / 2.50 / 1.62	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	37.0	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Carlos Navarro	33.6
Andrés Muelas	28.6
Free Float	37.8

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	8.8	9.2	9.2	9.2
Total Revenues	6.1	8.8	11.9	14.4
Rec. EBITDA	-2.4	-1.3	-0.4	0.7
% growth	-42.1	44.2	68.4	268.4
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	5.0
% Inc. EBITDA sector ⁽⁴⁾	-4.0	27.5	28.1	18.4
Net Profit	-1.9	-1.2	-0.4	0.6
EPS (EUR)	-0.22	-0.13	-0.04	0.06
% growth	6.9	38.4	67.9	247.1
Ord. EPS (EUR)	-0.26	-0.13	-0.04	0.06
% growth	-12.7	47.6	67.9	247.1
Rec. Free Cash Flow ⁽⁵⁾	-3.8	-2.3	-1.5	-0.2
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	3.8	5.3	6.7	6.9
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	9.6
ROE (%)	n.a.	n.a.	134.9	n.a.
ROCE (%) ⁽⁵⁾	n.a.	n.a.	n.a.	14.4

Ratios & Multiples (x) ⁽⁶⁾

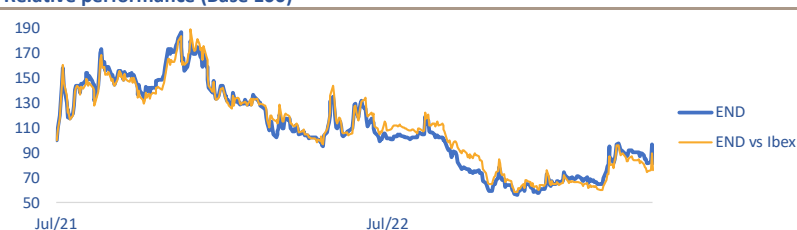
	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	n.a.	37.2
Ord. P/E	n.a.	n.a.	n.a.	37.2
P/BV	19.0	n.a.	n.a.	n.a.
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	4.16	2.85	2.12	1.75
EV/Rec. EBITDA	n.a.	n.a.	n.a.	35.1
EV/EBIT	n.a.	n.a.	n.a.	26.9
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

STRONG GROWTH IN REVENUE (+45.9% VS 2021 TO EUR 6.1MN)... In 2022, END further showed its ability to grow, even despite the supply crisis, which in 1H22 undermined delivery numbers (1H22 revenue: EUR 2.6Mn; +26.8%). Revenue was able to increase sharply in FY22 (+45% vs 2021) thanks to the return to normal production levels in 2H22. The order backlog is still strong, standing at EUR 7.1Mn at 20 April 2023. International orders are starting to gain momentum, representing c.13% of revenue in 2022 (27.4% of the April 2023 order backlog).

... BUT MARGINS STILL SQUEEZED BY HIGHER RAW MATERIAL COSTS (EBITDA OF EUR -2.1MN IN 2022 VS EUR -1.7MN 2021). END was unable to pass on the increases in prices of the raw materials used to produce batteries, such as steel (+30%) and lithium cells (+7.1%), to its clients, causing gross margin in 2022 to narrow to 21% (vs 25.5% in 2021). The increase in headcount (+11 employees vs 2021; +21%) pushed up personnel costs to EUR 2.2Mn (+30.2% vs 2021) and kept EBITDA negative (EUR -2.1Mn).

END ENTERS INTO EUR 3.2MN CONVERTIBLE BOND AGREEMENT WITH ALPHA BLUE OCEAN. The biggest restrictions to END's growth are its capital requirements. Net debt at end-2022 stood at EUR 3.8Mn (+50% vs 2021). END has secured a (non-refundable) PERTE (Spanish public-private facility for 'Strategic Projects for Economic Recovery and Transformation') for EUR 0.7Mn in 2023 (already received) and entered into a financing agreement for the issuance of convertible bonds with Global Corporate Finance Opportunities 15 (a financial vehicle managed by Alpha Blue Ocean, with investments in other BME Growth companies, e.g., Substrate AI), for EUR 3.2Mn and a conversion price of 95% of the average of the 10 trading sessions immediately prior to the date of request for conversion. Conversion of the full amount at the date of this report would result in a potential dilution for END shareholders of c.8%.

MARGIN IMPROVEMENT (ALREADY VISIBLE IN 2023E) IS NOW THE NEW EQUITY STORY. In the wake of its 2022 result, END affirmed its commitment to sustainable mobility and is now faced with the challenge of commanding wider margins, which we expect to come via: i) normalisation of raw material prices and ii) efficiency improvements in production processes. Our baseline scenario points to revenue in 2023e of around EUR 8.8Mn and a gross margin >29%, leaving EBITDA 2023e of EUR -1.1Mn. The company will likely have to wait until 2025e, when revenue is estimated at EUR 14.4Mn, to exceed break-even. END's EV/Sales 2023e ratio today is 2.85. The financing (both the need and the potential dilution) is still the business model's only major drawback.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-10.6	17.5	-19.0	12.4	n.a.	n.a.
vs Ibex 35	-15.5	14.2	-26.4	-0.4	n.a.	n.a.
vs Ibex Small Cap Index	-9.7	26.9	-13.5	3.9	n.a.	n.a.
vs Eurostoxx 50	-15.1	12.8	-30.6	-1.9	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	-16.9	15.0	-28.2	-0.5	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Europe Electrical Products.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

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

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Endurance Motive (END) is a BME Growth company

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

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

12m Results 2022
12m2022 Results

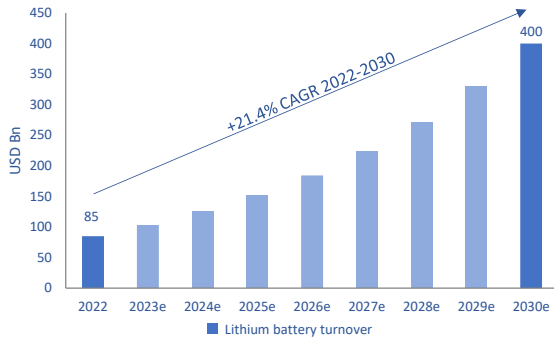
EUR Mn	12m22 Real*	12m21	12m22 Real* vs 12m21	2022e	12m22Real vs 2022e
Total Revenues	6.1	4.7	29.3%	5.8	4.3%
Traction	6.0	4.6	31.8%	<i>n.a.</i>	<i>n.a.</i>
Urban	0.0	0.0	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Marine	0.0	0.1	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Recurrent EBITDA	-2.4	-1.7	-42.1%	-2.1	-16.5%
<i>Rec. EBITDA/Revenues</i>	<i>-39.8%</i>	<i>-32.6%</i>	<i>-7.2 p.p.</i>	<i>-35.7%</i>	<i>-4.1 p.p.</i>
EBITDA	-2.1	-1.7	-19.6%	-2.1	-0.2%
<i>EBITDA/Revenues</i>	<i>-34.2%</i>	<i>-39.0%</i>	<i>4.8 p.p.</i>	<i>-35.7%</i>	<i>1.4 p.p.</i>
EBIT	-1.7	-1.3	-37.0%	-1.6	-7.2%
PBT	-1.9	-1.3	-44.7%	-1.8	-5.0%
NP	-1.9	-1.3	-44.7%	-1.8	-5.0%
Ordinary NP	-2.3	-1.3	-70.2%	-1.8	-23.5%
Client orders as of April ⁽¹⁾	7.1	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Net Debt ⁽²⁾	3.8	2.5	48.9%	3.5	8.6%

Note⁽¹⁾: Client orders include the amount invoiced at the time of publication.

Note⁽²⁾: The 2022 audit report contained two qualifications: i) recognition of the carry forward of unused tax losses (EUR 0.3Mn), which the auditor considers should have been derecognised (29% of 2022 capital and reserves) and ii) the incorrect reversal of warranty provisions for EUR 0.2Mn (20% of 2022 capital and reserves).

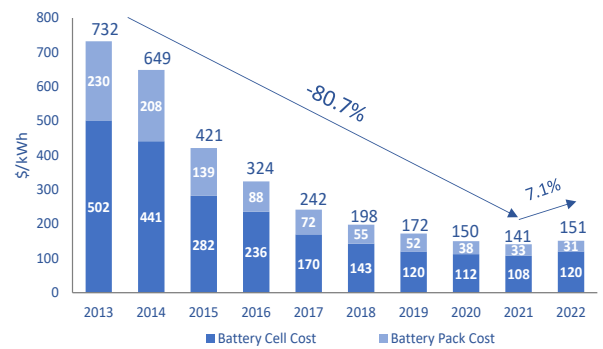
The company in 8 charts

Lithium batteries: In full growth stage...



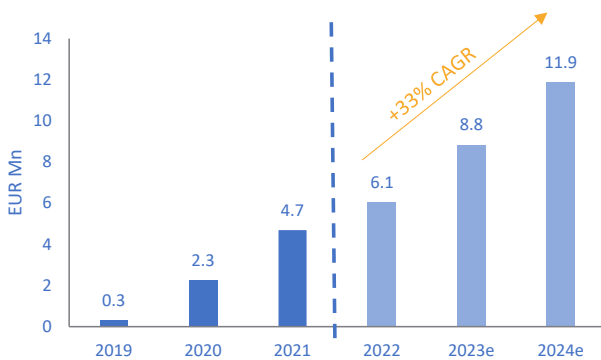
Sources: BNEF (BloombergNEF)

... and increasingly affordable (driving demand)

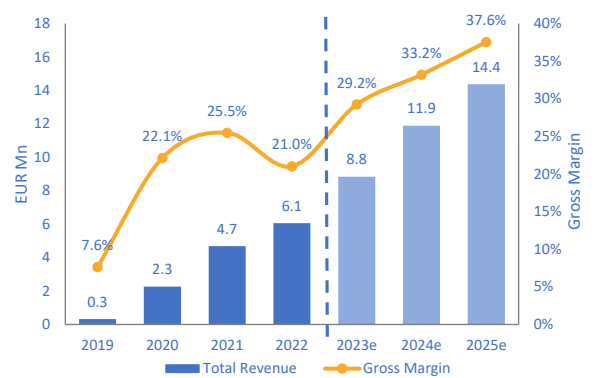


Fuentes: BNEF (BloombergNEF)

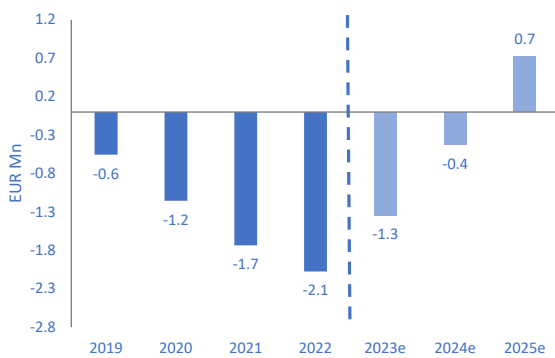
END: Well positioned to accelerate growth...



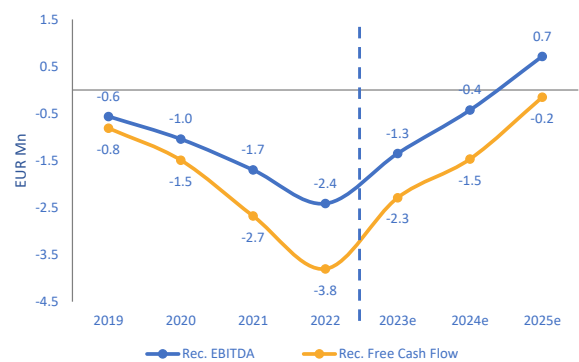
... and ability to improve the gross margin (still below 30%)



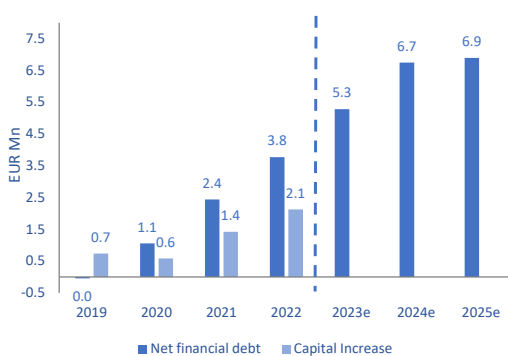
Although break-even in EBITDA will not be possible until, at least, 2025e



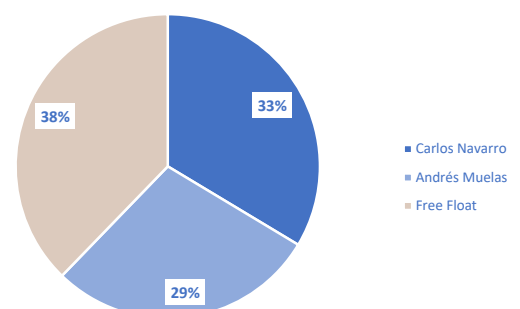
That will result in high cash consumption



This will increase the DN to EUR 6.9Mn in 2025e...



C. 62% of capital is held by the founders



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(1.3)	(1.1)	0.2	n.a.		
Market Cap	21.5	At the date of this report				
Net financial debt	3.8	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
Risk free rate (rf)	3.4%	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	10.6%	Ke = Rf + (R * B)			9.5%	11.9%
Equity / (Equity + Net Debt)	85.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	14.9%	D			=	=
WACC	9.6%	WACC = Kd * D + Ke * E			8.6%	10.7%
G "Fair"	2.0%				2.5%	2.0%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker	Factset	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Varta AG	VAR1-DE		1,004.2	n.a.	n.a.	16.5	41.1%	1.8	9.9%	10.7%	n.a.	n.a.
Enersys	ENS-US		2,965.9	13.1	n.a.	9.1	n.a.	1.1	n.a.	11.9%	5.9%	n.a.
Fluence	FLNC-US		2,799.6	n.a.	81.9%	n.a.	n.a.	1.1	38.3%	n.a.	n.a.	77.8%
Ilika	IKA-GB		96.3	n.a.	31.6%	n.a.	33.9%	n.a.	n.a.	n.a.	n.a.	32.9%
Flux Power Holdings, Inc.	FLUX-US		49.8	n.a.	94.5%	n.a.	n.a.	0.9	36.0%	n.a.	n.a.	n.a.
Lithium batteries				13.1	56.7%	12.8	37.5%	1.3	24.1%	11.3%	5.9%	55.3%
END	END-ES		21.5	n.a.	57.2%	n.a.	59.1%	2.8	27.5%	n.a.	n.a.	68.4%

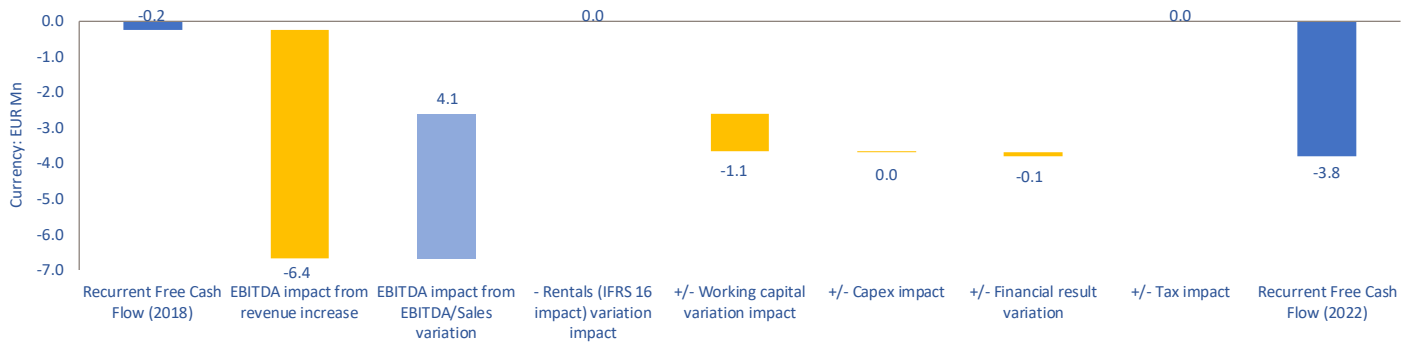
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.1	0.2	0.6	1.2	1.6	0.8	0.8	0.8		
Fixed assets	0.0	0.0	0.1	0.1	0.1	0.6	1.0	1.4		
Other Non Current Assets	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3		
Financial Investments	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	0.2	0.4	1.5	3.1	4.5	5.8	7.0	7.8		
Total assets	0.3	0.9	2.7	4.9	6.7	7.6	9.3	10.5		
Equity	0.5	0.9	0.9	0.9	1.1	(0.1)	(0.5)	0.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	-	-	-	-	-	-		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	(0.2)	(0.0)	1.1	2.4	3.8	5.3	6.7	6.9		
Current Liabilities	0.0	0.1	0.8	1.6	1.8	2.5	3.1	3.5		
Equity & Total Liabilities	0.3	0.9	2.7	4.9	6.7	7.6	9.3	10.5		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Total Revenues	0.0	0.3	2.3	4.7	6.1	8.8	11.9	14.4	63.7%	33.3%
Total Revenues growth	n.a.	n.a.	613.8%	107.3%	29.3%	45.9%	34.4%	20.9%		
COGS	(0.0)	(0.3)	(1.8)	(3.5)	(4.8)	(6.3)	(7.9)	(9.0)		
Gross Margin	(0.0)	0.0	0.5	1.2	1.3	2.6	3.9	5.4	59.5%	61.8%
Gross Margin/Revenues	n.a.	7.6%	22.1%	25.5%	21.0%	29.2%	33.2%	37.6%		
Personnel Expenses	(0.0)	(0.2)	(0.8)	(1.7)	(2.2)	(2.3)	(2.4)	(2.5)		
Other Operating Expenses	-	(0.4)	(0.7)	(1.2)	(1.5)	(1.6)	(2.0)	(2.2)		
Recurrent EBITDA	(0.0)	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-52.2%	31.9%
Recurrent EBITDA growth	n.a.	n.a.	-85.9%	-62.9%	-42.1%	44.2%	68.4%	268.4%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.0%		
Restructuring Expense & Other non-rec.	(0.0)	0.0	(0.1)	(0.0)	0.3	-	-	-		
EBITDA	(0.1)	(0.6)	(1.2)	(1.7)	(2.1)	(1.3)	(0.4)	0.7	-34.0%	32.9%
Depreciation & Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)		
Capitalized Expense	0.1	0.1	0.5	0.6	0.6	0.7	0.7	0.6		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.0	(0.5)	(0.7)	(1.3)	(1.7)	(1.0)	(0.1)	0.9	-54.1%	36.4%
EBIT growth	n.a.	n.a.	-51.3%	-73.4%	-37.0%	43.4%	92.3%	n.a.		
EBIT/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.5%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.0	(0.5)	(0.8)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-58.4%	32.0%
Ordinary Profit Growth	n.a.	n.a.	-54.8%	-73.5%	-44.7%	35.9%	67.9%	247.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.0	(0.5)	(0.8)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-58.4%	32.0%
Tax Expense	0.0	0.1	0.2	-	-	-	-	-		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.0	(0.4)	(0.6)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-82.7%	32.0%
Net Profit growth	n.a.	n.a.	-54.8%	-130.6%	-44.7%	35.9%	67.9%	247.1%		
Ordinary Net Profit	0.0	(0.5)	(0.6)	(1.3)	(2.3)	(1.2)	(0.4)	0.6	-86.3%	31.2%
Ordinary Net Profit growth	n.a.	n.a.	-30.4%	-98.1%	-75.2%	45.5%	67.9%	247.1%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Recurrent EBITDA						(1.3)	(0.4)	0.7	-52.2%	31.9%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.6)	(0.6)	(0.4)		
Recurrent Operating Cash Flow						-2.0	-1.0	0.3	-61.0%	28.0%
CAPEX						(0.1)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.3)	(0.4)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(2.3)	(1.5)	(0.2)	-59.8%	65.9%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						0.8	-	-		
Free Cash Flow						(1.5)	(1.5)	(0.2)	-47.0%	64.8%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						1.5	1.5	0.2		

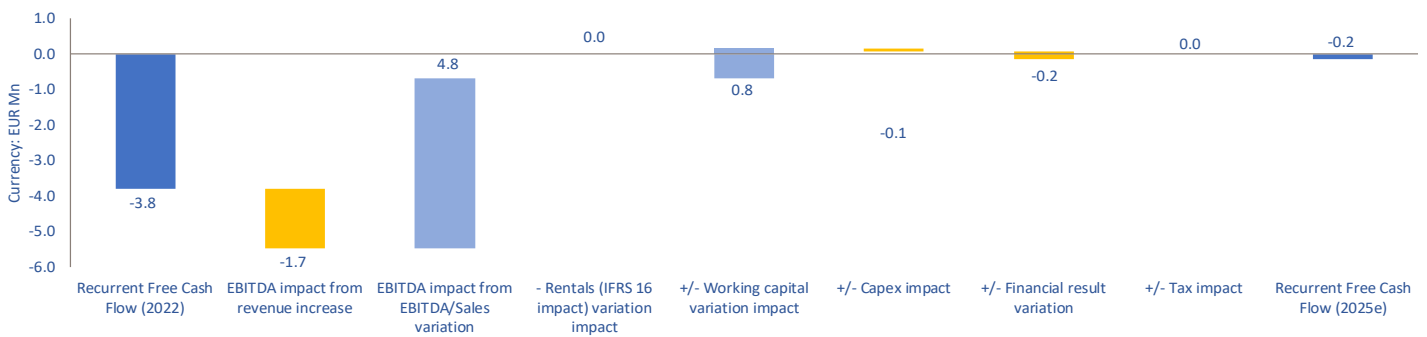
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-62.7%	31.9%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-85.9%</i>	<i>-62.9%</i>	<i>-42.1%</i>	<i>44.2%</i>	<i>68.4%</i>	<i>268.4%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>5.0%</i>		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.5)	(3.6)	(2.0)	(1.0)	0.3	-68.0%	28.0%
<i>Rec. Operating Cash Flow growth</i>	<i>-273.2%</i>	<i>-83.0%</i>	<i>-79.2%</i>	<i>-44.7%</i>	<i>45.9%</i>	<i>47.4%</i>	<i>133.8%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.4%</i>		
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.4)		
- Taxes	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)	(0.2)	-67.5%	65.9%
<i>Rec. Free Cash Flow growth</i>	<i>-262.6%</i>	<i>-83.9%</i>	<i>-79.8%</i>	<i>-42.0%</i>	<i>39.8%</i>	<i>36.0%</i>	<i>89.7%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others	0.0	(0.1)	(0.0)	0.3	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
= Free Cash Flow	(0.8)	(1.6)	(2.7)	(3.5)	(1.5)	(1.5)	(0.2)	-62.7%	64.8%
<i>Free Cash Flow growth</i>	<i>-256.3%</i>	<i>-99.1%</i>	<i>-69.4%</i>	<i>-27.6%</i>	<i>56.4%</i>	<i>2.9%</i>	<i>89.7%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	(0.2)	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)		
EBITDA impact from revenue increase	(1.4)	(3.4)	(1.1)	(0.5)	(1.1)	(0.5)	(0.1)		
EBITDA impact from EBITDA/Sales variation	0.9	3.0	0.5	(0.2)	2.2	1.4	1.2		
= Recurrent EBITDA variation	(0.5)	(0.5)	(0.7)	(0.7)	1.1	0.9	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.0)	(0.2)	(0.5)	(0.4)	0.6	0.0	0.2		
= Recurrent Operating Cash Flow variation	(0.6)	(0.6)	(1.1)	(1.1)	1.7	0.9	1.4		
+/- CAPEX impact	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)		
+/- Tax impact	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow variation	(0.6)	(0.7)	(1.2)	(1.1)	1.5	0.8	1.3		
Recurrent Free Cash Flow	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)	(0.2)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	(0.5)	(0.7)	(1.3)	(1.7)	(1.0)	(0.1)	0.9	-53.2%	36.4%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
Recurrent EBITDA	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-62.7%	31.9%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.5)	(3.6)	(2.0)	(1.0)	0.3	-68.0%	28.0%
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(0.8)	(1.5)	(2.6)	(3.7)	(2.0)	(1.1)	0.2	-66.3%	27.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>-267.9%</i>	<i>-82.2%</i>	<i>-80.5%</i>	<i>-39.9%</i>	<i>44.4%</i>	<i>43.9%</i>	<i>118.0%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.4%</i>		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
= Free Cash Flow "To the Firm"	(0.8)	(1.5)	(2.6)	(3.7)	(1.3)	(1.1)	0.2	-66.3%	27.2%
<i>Free Cash Flow (To the Firm) growth</i>	<i>-267.9%</i>	<i>-82.2%</i>	<i>-80.5%</i>	<i>-39.9%</i>	<i>65.6%</i>	<i>9.4%</i>	<i>118.0%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.8%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.8%</i>		

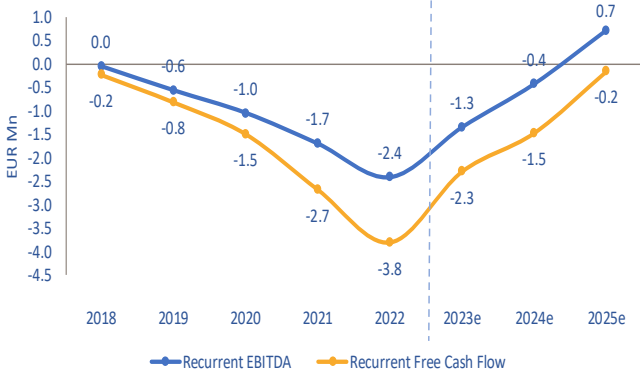
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	21.5	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	-	12m Results 2022
+ Net financial debt	3.8	12m Results 2022
- Financial Investments	0.1	12m Results 2022
+/- Others		
Enterprise Value (EV)	25.2	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues							0.0	0.3	2.3	4.7	6.1	8.8	11.9	14.4	n.a.	33.3%
Total Revenues growth							n.a.	n.a.	613.8%	107.3%	29.3%	45.9%	34.4%	20.9%		
EBITDA							(0.1)	(0.6)	(1.2)	(1.7)	(2.1)	(1.3)	(0.4)	0.7	n.a.	32.9%
EBITDA growth							n.a.	-967.7%	-108.0%	-50.1%	-19.6%	35.1%	68.4%	268.4%		
EBITDA/Sales							n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.0%		
Net Profit							0.0	(0.4)	(0.6)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	n.a.	32.0%
Net Profit growth							n.a.	n.a.	-54.8%	-130.6%	-44.7%	35.9%	67.9%	247.1%		
Adjusted number shares (Mn)							0.3	0.3	0.4	5.7	8.8	9.2	9.2	9.2		
EPS (EUR)							0.12	-1.10	-1.54	-0.23	-0.22	-0.13	-0.04	0.06	n.a.	31.8%
EPS growth							n.a.	n.a.	-40.6%	84.9%	6.9%	38.4%	67.9%	n.a.		
Ord. EPS (EUR)							0.06	-1.47	-1.75	-0.23	-0.26	-0.13	-0.04	0.06	n.a.	31.0%
Ord. EPS growth							n.a.	n.a.	-18.4%	87.0%	-12.7%	47.6%	67.9%	n.a.		
CAPEX							(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
CAPEX/Sales %							120.0%	11.8%	2.7%	2.8%	1.0%	1.0%	1.0%	1.0%		
Free Cash Flow							(0.2)	(0.8)	(1.6)	(2.7)	(3.5)	(1.5)	(1.5)	(0.2)	n.a.	64.8%
ND/EBITDA (x) ⁽²⁾							n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.6x		
P/E (x)							n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.2x		
EV/Sales (x)							n.a.	n.a.	0.40x	0.49x	0.60x	2.85x	2.12x	1.75x		
EV/EBITDA (x) ⁽²⁾							4.5x	0.3x	n.a.	n.a.	n.a.	n.a.	n.a.	35.1x		
Absolute performance							n.a.	n.a.	n.a.	n.a.	-45.9%	12.4%				
Relative performance vs Ibex 35							n.a.	n.a.	n.a.	n.a.	-42.7%	-0.4%				

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 2023e

Lithium batteries

		Varta AG	Energys	Fluence	Ilika	Flux Power Holdings, Inc.	Average	END
EUR Mn								
Market data	Ticker (Factset)	VAR1-DE	ENS-US	FLNC-US	IKA-GB	FLUX-US		END-ES
	Country	Alemania	USA	USA	UK	USA		Spain
	Market cap	1,004.2	2,965.9	2,799.6	96.3	49.8		21.5
	Enterprise value (EV)	1,540.3	3,803.2	1,632.7	76.1	58.4		25.2
Basic financial information	Total Revenues	868.9	3,505.3	1,495.9	1.5	63.1		8.8
	Total Revenues growth	0.0%	5.5%	37.8%	101.7%	64.6%	36.3%	45.9%
	2y CAGR (2023e - 2025e)	9.9%	n.a.	38.3%	n.a.	36.0%	24.1%	27.5%
	EBITDA	93.2	416.2	(97.5)	(8.5)	(3.6)		(1.3)
	EBITDA growth	0.0%	19.3%	n.a.	n.a.	72.3%	9.6%	35.1%
	2y CAGR (2023e - 2025e)	41.1%	n.a.	n.a.	33.9%	n.a.	37.5%	59.1%
	EBITDA/Revenues	10.7%	11.9%	n.a.	n.a.	n.a.	11.3%	n.a.
	EBIT	(5.0)	319.8	(130.3)	(9.8)	(5.0)		(1.0)
	EBIT growth	0.0%	26.6%	n.a.	n.a.	63.9%	13.3%	43.4%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	77.6%	30.9%	n.a.	54.3%	71.8%
	EBIT/Revenues	n.a.	9.1%	n.a.	n.a.	n.a.	9.1%	n.a.
	Net Profit	(12.0)	217.0	(122.9)	(8.4)	(6.0)		(1.2)
	Net Profit growth	0.0%	43.9%	n.a.	n.a.	57.5%	22.0%	35.9%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	77.9%	32.2%	94.8%	55.1%	57.2%
CAPEX/Sales %	12.7%	2.7%	0.5%	n.a.	n.a.	5.3%	1.0%	
Free Cash Flow	(24.8)	174.0	(127.0)	(6.0)	n.a.		(1.5)	
Net financial debt	424.8	n.a.	(295.6)	(5.6)	n.a.		5.3	
ND/EBITDA (x)	4.6	n.a.	n.a.	n.a.	n.a.	4.6	n.a.	
Pay-out	0.0%	12.3%	0.0%	0.0%	n.a.	3.1%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	13.1	n.a.	n.a.	n.a.	13.1	n.a.
	P/BV (x)	2.7	1.8	6.5	5.4	n.a.	4.1	n.a.
	EV/Revenues (x)	1.8	1.1	1.1	n.a.	0.9	1.3	2.8
	EV/EBITDA (x)	16.5	9.1	n.a.	n.a.	n.a.	12.8	n.a.
	EV/EBIT (x)	n.a.	11.9	n.a.	n.a.	n.a.	11.9	n.a.
	ROE	n.a.	14.1	n.a.	n.a.	n.a.	14.1	n.a.
	FCF Yield (%)	n.a.	5.9	n.a.	n.a.	n.a.	5.9	n.a.
	DPS	0.00	0.63	0.00	0.00	n.a.	0.16	0.00
Dvd Yield	0.0%	0.9%	0.0%	0.0%	n.a.	0.2%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

LIGHTHOUSE

Calle Basílica, 17, 1ª Planta, Oficinas

28020 Madrid

T: +34 915 904 226

institutodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
27-Apr-2023	n.a.	2.35	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas
27-Oct-2022	n.a.	1.83	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
26-Apr-2022	n.a.	2.84	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas

