

EQUITY - SPAIN
 Sector: Electrical Equipment

 Closing price: EUR 1.93 (7 Nov 2023)
 Report date: 8 Nov 2023 (10:00h)

9m Results 2023 - Estimates upgrade
 Independent Equity Research

9m Results 2023

 Opinion ⁽¹⁾: Above expectations
 Impact ⁽¹⁾: We raise our estimates

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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 59% of total shares.

9M23 earnings: fresh tailwinds. Double-digit topline growth and margin expansion

FASTER REVENUE GROWTH (REVENUE 9M23: EUR 7.4Mn; +73.15% VS 9M22).

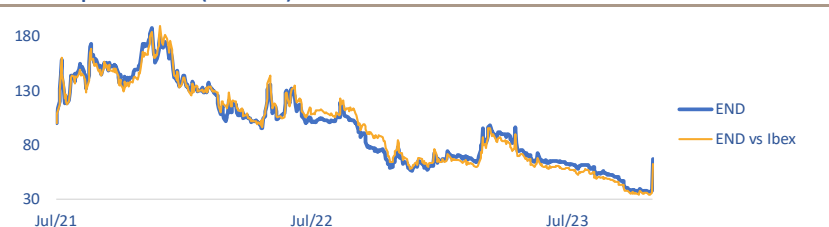
Revenue growth accelerated from 1H23 (+55.3%), vindicating the success of the company's commercial policy. Total revenue in 9M23 was EUR 7.4Mn, very close to our FY 2023e estimate (EUR 8.8Mn). We expect the geographical mix to show France representing c.23% of revenue and Mexico's share (plant commissioned in 2023e) reaching c.10% thanks to order intake >EUR 1Mn of deliverables during the year.

MARGINS OUTPERFORMED EXPECTATIONS AND ARE AT ALL-TIME HIGHS... This was the result of lower prices for lithium (c.-53.2% through 2023e), the main component of the batteries END sells, and the return to normal by the supply chain (paving the way for increased deliveries). As a result, gross margin in 9M23 soared to 36.4% (+14 p.p. vs. 9M23). This, coupled with the ability to leverage the overhead cost structure to raise revenue, fed through to recurring EBITDA of EUR -0.3Mn (vs. EUR -1.9Mn in 9M22), on the verge of break-even.

...PROMPTING US TO REVISE UP OUR ESTIMATES FOR 2023E-2025E. The company's 9M23 earnings beat our estimates and we are raising our numbers accordingly. Revenue for 3Q23 outperformed, so our new estimate for 2023e is EUR 10.3Mn (+15.4% vs our previous estimate). Meanwhile, after the good margin performance (gross margin in 3Q set a new record of 42.2%) we are now estimate recurring EBITDA 2023e of EUR -0.1Mn (vs EUR -1.9Mn previously). We also expect END to be able to keep net debt at around EUR 2.9Mn in 2023e (vs EUR 3Mn in 2022) thanks to: i) cash inflows of EUR 0.8Mn from grants (PERTEs; Industrial Government Grants) and ii) the conversion of EUR 1.2Mn of bonds in circulation (which will imply additional dilution of 5%).

A SOLID SET OF EARNINGS THAT COULD HERALD THE START OF A NEW CYCLE. END has gained momentum and the share price is starting to price it in, with the stock back to where it started (-1d +75%; 12m pre-9m23 results: -44%). Our estimates have revenue growing at a CAGR 23e-25e of 33.6% with gradually wider margins driven by: i) the company's ability to sustain gross margin and ii) its greater efficiency through economies of scale. This leaves scope for a positive EBITDA margin of c.8% in 2025e. The company appears to be enjoying tailwinds again (revenue growth, margin expansion and financing under control). END is trading at an EV/revenue 23e of 2.2x outpacing average growth for its peers in revenue by 11.7p.p. (2023e-2025e) and delivering positive recurring EBITDA as early as in 2024e.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	77.1	8.1	-3.5	-7.7	n.a.	n.a.
vs Ibex 35	77.1	9.6	-16.8	-17.7	n.a.	n.a.
vs Ibex Small Cap Index	76.7	15.4	-10.6	-11.8	n.a.	n.a.
vs Eurostoxx 50	76.7	12.9	-13.8	-15.7	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	80.7	24.5	-13.2	-8.0	n.a.	n.a.

Market Data

Market Cap (Mn EUR and USD)	17.9	19.2
EV (Mn EUR and USD) ⁽²⁾	22.7	24.3
Shares Outstanding (Mn)	9.3	
-12m (Max/Med/Min EUR)	2.82 / 1.85 / 1.05	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	23.1	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Carlos Navarro	31.9
Andrés Muelas	26.6
Free Float	41.4

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	8.8	9.2	9.3	9.3
Total Revenues	6.1	10.2	13.8	18.2
Rec. EBITDA	-2.4	-0.1	0.4	1.5
% growth	-42.1	94.9	411.5	277.3
% Rec. EBITDA/Rev.	n.a.	n.a.	2.8	8.0
% Inc. EBITDA sector ⁽⁴⁾	1.1	12.7	21.4	18.9
Net Profit	-1.9	-0.2	0.3	0.9
EPS (EUR)	-0.22	-0.02	0.04	0.10
% growth	6.9	91.1	289.3	160.7
Ord. EPS (EUR)	-0.26	-0.04	0.02	0.10
% growth	-12.7	84.6	152.4	362.2
Rec. Free Cash Flow ⁽⁵⁾	-3.6	-1.8	-1.2	-0.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	3.0	2.9	4.2	4.6
ND/Rec. EBITDA (x)	n.a.	n.a.	10.8	3.1
ROE (%)	n.a.	n.a.	15.2	31.2
ROCE (%) ⁽⁵⁾	n.a.	4.2	9.5	15.6

Ratios & Multiples (x)⁽⁶⁾

P/E	n.a.	n.a.	52.6	20.2
Ord. P/E	n.a.	n.a.	93.3	20.2
P/BV	15.8	8.7	7.5	5.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.75	2.23	1.64	1.25
EV/Rec. EBITDA	n.a.	n.a.	n.a.	15.6
EV/EBIT	n.a.	n.a.	30.9	14.6
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

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

(2) Please refer to Appendix 3.

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

(4) Sector: Europe 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.

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).

9m Results 2023
Estimates upgrade
Table 1. 9m23 Results

EUR Mn	9m23	9m22	9m23 vs 9m22	2023e	2023e Real vs 2022
Total Revenues	7,4	4,2	73,5%	10,2	68,3%
Gross Margin	2,7	0,9	189,9%	3,9	208,0%
<i>Gross Margin/Revenues</i>	<i>36,4%</i>	<i>21,8%</i>	<i>14,6 p.p.</i>	<i>38,5%</i>	<i>17,4 p.p.</i>
Recurrent EBITDA⁽¹⁾	-0,3	-1,9	81,5%	-0,1	94,9%
<i>Rec. EBITDA/Revenues</i>	<i>-4,7%</i>	<i>-44,3%</i>	<i>39,6 p.p.</i>	<i>-1,2%</i>	<i>38,6 p.p.</i>
EBITDA⁽²⁾	0,1	-1,3	110,1%	0,1	103,0%
<i>EBITDA/Revenues</i>	<i>1,8%</i>	<i>-31,6%</i>	<i>33,5 p.p.</i>	<i>0,6%</i>	<i>34,8 p.p.</i>
	6m23	12m22			
Net Debt ⁽³⁾	4,1	3,0	37,1%	2,9	40,2%

Note (1). Does not include subsidies nor capitalized expenses.

Note (2). Does not include capitalized expenses.

Note (3): 1H22 Net Debt is comprised of EUR 0.9Mn in convertibles, that leaves de facto ND at EUR 3.2Mn. In 2022, Net Debt was EUR 3.0Mn and there were no convertible loans.

Table 2. Quarterly evolution 2023

	1Q23	2Q23	3Q23	3Q23 Accumulated
Total Revenues	1.5	2.5	3.3	7.4
Gross Margin	0.5	0.8	1.4	2.7
<i>Gross Margin/Revenues</i>	<i>30.5%</i>	<i>32.3%</i>	<i>42.2%</i>	<i>36.4%</i>
Recurrent EBITDA⁽¹⁾	-0.5	-0.2	0.4	-0.3
<i>Rec. EBITDA/Revenues</i>	<i>-31.8%</i>	<i>-9.9%</i>	<i>11.6%</i>	<i>-4.7%</i>
EBITDA	-0.3	-0.1	0.5	0.1
<i>EBITDA/Revenues</i>	<i>-21%</i>	<i>-3%</i>	<i>16%</i>	<i>1.9%</i>

Note (1). Does not include subsidies nor capitalized expenses.

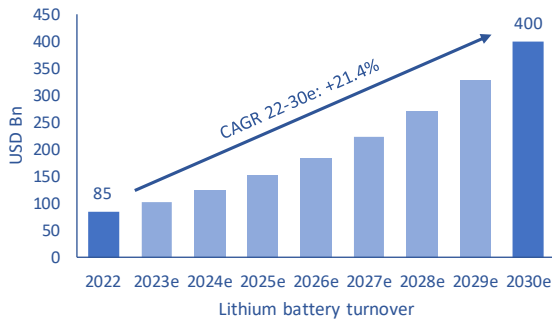
Table 3. Estimates upgrade

EUR Mn	2023e (New)	2023e	Review (%)	2024e (New)	2024e	Review (%)	2025e (New)	2025e	Review (%)
Total Revenues	10.2	8.8	15.4%	13.8	11.9	16.4%	18.2	14.4	26.8%
Recurrent EBITDA	-0.1	-1.3	90.8%	0.4	-0.4	190.6%	1.5	0.7	103.1%
<i>Rec. EBITDA/Revenues</i>	<i>-1.2%</i>	<i>-15.2%</i>	<i>14.0 p.p.</i>	<i>2.8%</i>	<i>-3.6%</i>	<i>6.4 p.p.</i>	<i>8.0%</i>	<i>5.0%</i>	<i>3.0 p.p.</i>
EBIT	0.2	-1.0	122.1%	0.7	-0.1	1067.1%	1.6	0.9	66.4%
Net Profit	-0.2	-1.2	85.0%	0.3	-0.4	196.8%	0.9	0.6	42.5%
<i>Net Debt</i>	<i>3.0</i>	<i>4.6</i>	<i>-34.9%</i>	<i>4.2</i>	<i>5.9</i>	<i>-29.5%</i>	<i>4.6</i>	<i>6.0</i>	<i>-23.9%</i>

Note: EUR 0.8Mn have been reclassified from Net Debt previously recorded as they are non-repayable grant liabilities

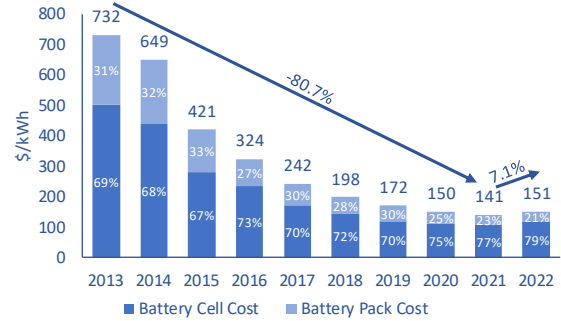
The company in 8 charts

Lithium batteries: In full growth stage...



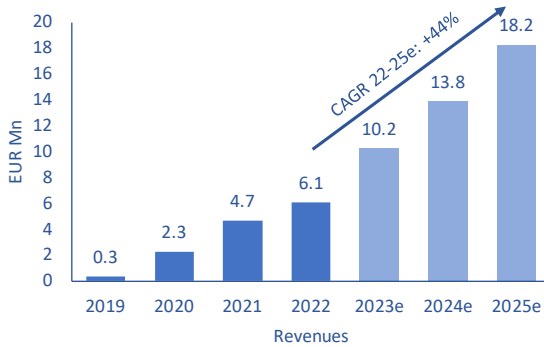
Sources: BNEF (BloombergNEF)

... and increasingly affordable (driving demand)

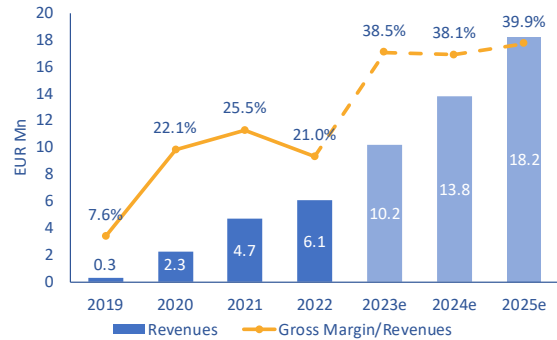


Sources: BNEF (BloombergNEF)

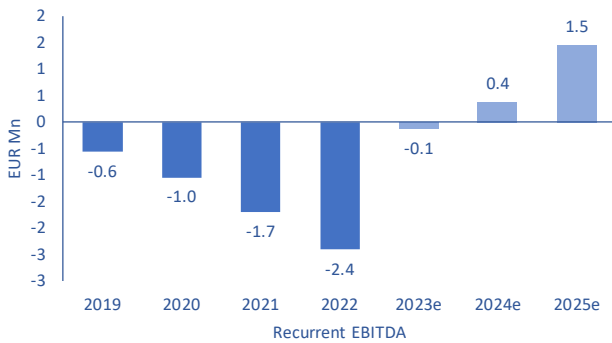
END: Well positioned to accelerate growth...



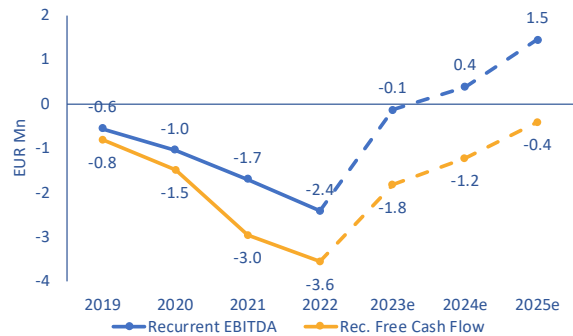
... and ability to improve the gross margin (still below 30%)



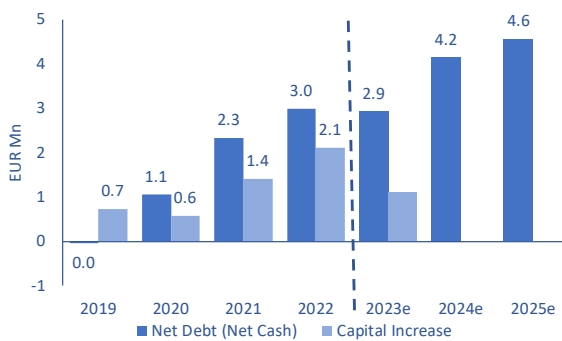
Driver that will allow to see EBITDA rec. above break-even as early as 2024e



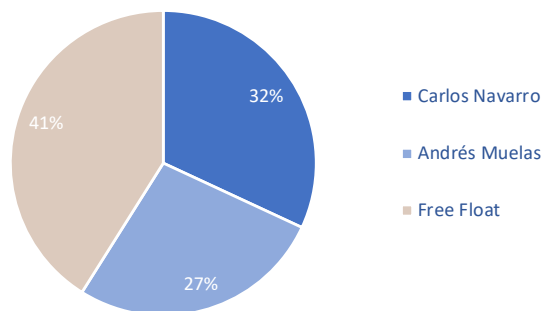
That will result in high cash consumption



This will increase the DN to EUR 4.6Mn in 2025e...



C. 59% 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"	(0.6)	(1.0)	(0.1)	n.a.		
Market Cap	17.9	At the date of this report				
Net financial debt	4.1	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	8.0%	Net debt cost			7.8%	8.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	6.4%	Kd = Cost of Net Debt * (1-T)			6.2%	6.6%
Risk free rate (rf)	3.7%	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	10.9%	Ke = Rf + (R * B)			9.8%	12.2%
Equity / (Equity + Net Debt)	81.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	18.6%	D			=	=
WACC	10.1%	WACC = Kd * D + Ke * E			9.1%	11.1%
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	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	861.8	n.a.	43.7%	43.2	99.5%	1.7	9.6%	4.0%	n.a.	72.0%
Enersys	ENS-US	3,362.3	11.4	12.7%	8.1	n.a.	1.1	n.a.	14.1%	5.7%	n.a.
Fluence	FLNC-US	3,021.5	n.a.	92.6%	n.a.	n.a.	1.0	34.3%	n.a.	n.a.	54.4%
Flux Power Holdings, Inc.	FLUX-US	53.2	n.a.	66.9%	n.a.	99.0%	1.0	27.1%	n.a.	n.a.	86.4%
Lithium batteries			11.4	49.7%	25.6	99.5%	1.3	21.9%	9.0%	5.7%	63.2%
END	END-ES	17.9	n.a.	n.a.	n.a.	n.a.	2.2	33.6%	0.6%	n.a.	37.1%

Free Cash Flow sensitivity analysis (2024e)

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

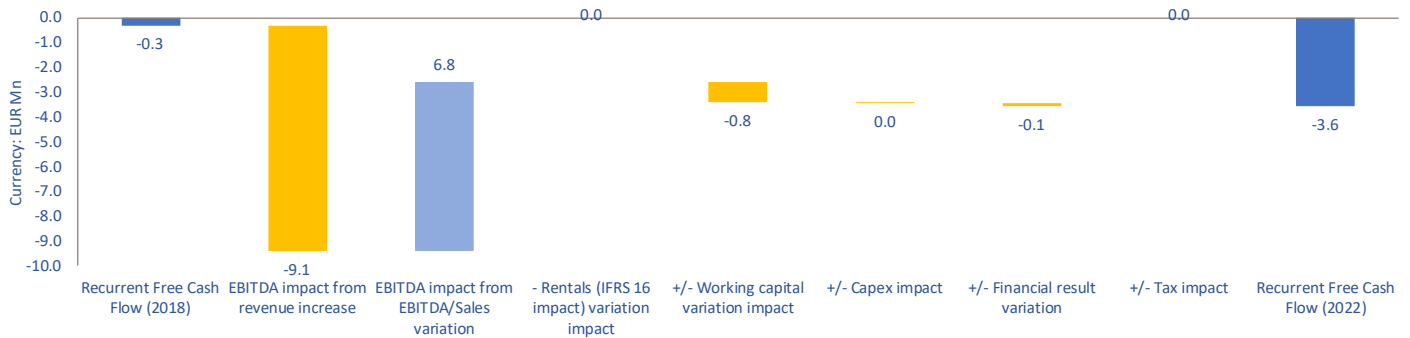
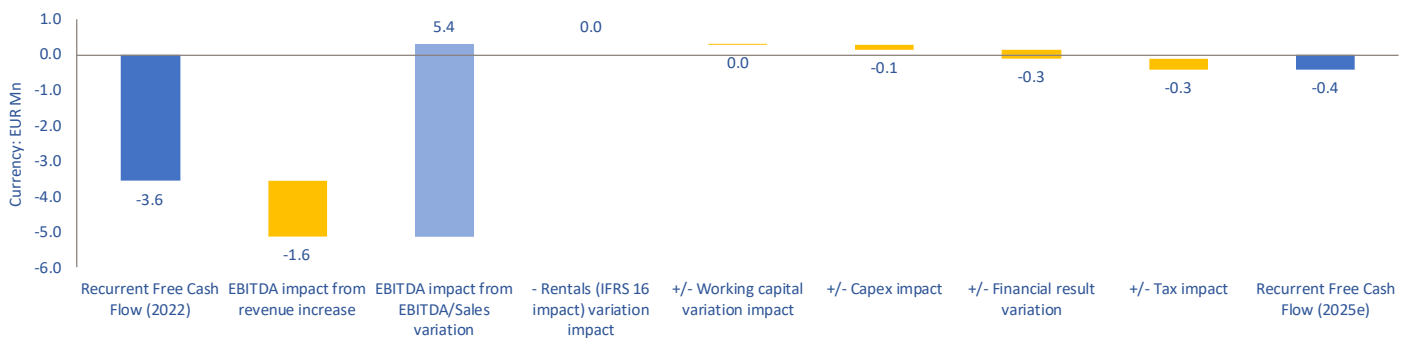
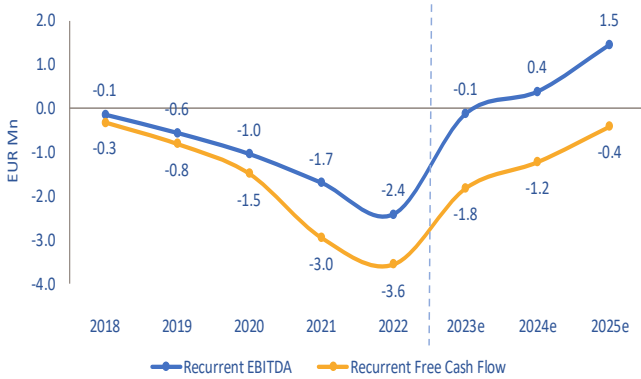
Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	3.1%	0.4	53.2x
Central	2.8%	0.4	58.9x
Min	2.5%	0.3	66.0x

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	0.5	0.8	1.1		
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	6.6	8.4	10.2		
Total assets	0.3	0.9	2.7	4.9	6.7	8.4	10.5	12.6		
Equity	0.5	0.9	0.9	0.9	1.1	2.1	2.4	3.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	-	0.4	0.8	0.6	0.4	0.4		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	(0.2)	(0.0)	1.1	2.3	3.0	2.9	4.2	4.6		
Current Liabilities	0.0	0.1	0.8	1.3	1.7	2.8	3.5	4.3		
Equity & Total Liabilities	0.3	0.9	2.7	4.9	6.7	8.4	10.5	12.6		
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	10.2	13.8	18.2	63.7%	44.3%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>613.8%</i>	<i>107.3%</i>	<i>29.3%</i>	<i>68.3%</i>	<i>35.6%</i>	<i>31.7%</i>		
COGS	(0.0)	(0.3)	(1.8)	(3.5)	(4.8)	(6.3)	(8.6)	(10.9)		
Gross Margin	(0.0)	0.0	0.5	1.2	1.3	3.9	5.3	7.3	59.5%	78.7%
<i>Gross Margin/Revenues</i>	<i>n.a.</i>	<i>7.6%</i>	<i>22.1%</i>	<i>25.5%</i>	<i>21.0%</i>	<i>38.5%</i>	<i>38.1%</i>	<i>39.9%</i>		
Personnel Expenses	(0.0)	(0.2)	(0.8)	(1.7)	(2.2)	(2.3)	(2.9)	(3.5)		
Other Operating Expenses	(0.1)	(0.4)	(0.7)	(1.2)	(1.5)	(1.8)	(2.0)	(2.3)		
Recurrent EBITDA	(0.1)	(0.6)	(1.0)	(1.7)	(2.4)	(0.1)	0.4	1.5	-52.2%	37.6%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-288.5%</i>	<i>-85.9%</i>	<i>-62.9%</i>	<i>-42.1%</i>	<i>94.9%</i>	<i>411.5%</i>	<i>277.3%</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>2.8%</i>	<i>8.0%</i>		
Restructuring Expense & Other non-rec.	(0.0)	0.0	(0.1)	(0.0)	0.3	0.2	0.2	-		
EBITDA	(0.1)	(0.6)	(1.2)	(1.7)	(2.1)	0.1	0.6	1.5	-34.0%	39.3%
Depreciation & Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)		
Capitalized Expense	0.1	0.1	0.5	0.6	0.6	0.4	0.4	0.4		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(0.1)	(0.5)	(0.7)	(1.3)	(1.7)	0.2	0.7	1.6	-54.1%	42.6%
<i>EBIT growth</i>	<i>n.a.</i>	<i>-554.2%</i>	<i>-51.3%</i>	<i>-73.4%</i>	<i>-37.0%</i>	<i>112.5%</i>	<i>238.2%</i>	<i>111.9%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.1%</i>	<i>5.3%</i>	<i>8.6%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.4)	(0.3)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(0.1)	(0.5)	(0.8)	(1.3)	(1.9)	(0.2)	0.4	1.2	-58.4%	37.8%
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>-518.5%</i>	<i>-54.8%</i>	<i>-73.5%</i>	<i>-44.7%</i>	<i>90.7%</i>	<i>338.4%</i>	<i>178.1%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(0.1)	(0.5)	(0.8)	(1.3)	(1.9)	(0.2)	0.4	1.2	-58.4%	37.8%
Tax Expense	0.0	0.1	0.2	-	-	-	(0.1)	(0.3)		
<i>Effective Tax Rate</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>20.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(0.1)	(0.4)	(0.6)	(1.3)	(1.9)	(0.2)	0.3	0.9	-82.7%	35.1%
<i>Net Profit growth</i>	<i>n.a.</i>	<i>-512.5%</i>	<i>-54.8%</i>	<i>-130.6%</i>	<i>-44.7%</i>	<i>90.7%</i>	<i>290.7%</i>	<i>160.7%</i>		
Ordinary Net Profit	(0.1)	(0.5)	(0.6)	(1.3)	(2.3)	(0.4)	0.2	0.9	-86.3%	33.8%
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>-545.4%</i>	<i>-30.4%</i>	<i>-98.1%</i>	<i>-75.2%</i>	<i>83.8%</i>	<i>152.8%</i>	<i>362.2%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Recurrent EBITDA						(0.1)	0.4	1.5	-52.2%	37.6%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.1)	(1.0)	(1.0)		
Recurrent Operating Cash Flow						-1.2	-0.6	0.5	-55.5%	28.8%
CAPEX						(0.2)	(0.2)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.3)	(0.4)		
Tax Expense						-	(0.1)	(0.3)		
Recurrent Free Cash Flow						(1.8)	(1.2)	(0.4)	-54.6%	51.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						0.8	-	-		
Free Cash Flow						(1.0)	(1.2)	(0.4)	-41.7%	49.6%
Capital Increase						1.1	-	-		
Dividends						-	-	-		
Net Debt Variation						(0.1)	1.2	0.4		

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)	(0.1)	0.4	1.5	-62.7%	37.6%
<i>Recurrent EBITDA growth</i>	-288.5%	-85.9%	-62.9%	-42.1%	94.9%	411.5%	277.3%		
<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>	2.8%	8.0%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(1.1)	(1.0)	(1.1)	(1.0)	(1.0)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.8)	(3.4)	(1.2)	(0.6)	0.5	-64.2%	28.8%
<i>Rec. Operating Cash Flow growth</i>	-155.0%	-83.0%	-98.6%	-21.7%	63.1%	48.8%	172.6%		
<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>	2.5%		
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.0)	(0.1)	(0.4)	(0.3)	(0.4)		
- Taxes	-	-	-	-	-	(0.1)	(0.3)		
= Recurrent Free Cash Flow	(0.8)	(1.5)	(3.0)	(3.6)	(1.8)	(1.2)	(0.4)	-63.8%	51.3%
<i>Rec. Free Cash Flow growth</i>	-154.5%	-83.9%	-98.0%	-20.6%	48.8%	32.9%	66.3%		
<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)	(3.0)	(3.2)	(1.0)	(1.2)	(0.4)	-58.7%	49.6%
<i>Free Cash Flow growth</i>	-151.0%	-99.1%	-86.3%	-7.8%	67.6%	-17.2%	66.3%		
<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)	(0.3)	(0.8)	(1.5)	(3.0)	(3.6)	(1.8)	(1.2)		
EBITDA impact from revenue increase	(4.0)	(3.4)	(1.1)	(0.5)	(1.6)	(0.0)	0.1		
EBITDA impact from EBITDA/Sales variation	3.6	3.0	0.5	(0.2)	3.9	0.6	0.9		
= Recurrent EBITDA variation	(0.4)	(0.5)	(0.7)	(0.7)	2.3	0.5	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.0)	(0.2)	(0.7)	0.1	(0.2)	0.1	0.0		
= Recurrent Operating Cash Flow variation	(0.5)	(0.6)	(1.4)	(0.6)	2.1	0.6	1.1		
+/- CAPEX impact	(0.0)	(0.0)	(0.1)	0.1	(0.1)	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.0)	(0.1)	(0.3)	0.1	(0.1)		
+/- Tax impact	-	-	-	-	-	(0.1)	(0.2)		
= Recurrent Free Cash Flow variation	(0.5)	(0.7)	(1.5)	(0.6)	1.7	0.6	0.8		
Recurrent Free Cash Flow	(0.8)	(1.5)	(3.0)	(3.6)	(1.8)	(1.2)	(0.4)		
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)	0.2	0.7	1.6	-53.2%	42.6%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	(0.1)	(0.4)		
Recurrent EBITDA	(0.6)	(1.0)	(1.7)	(2.4)	(0.1)	0.4	1.5	-62.7%	37.6%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(1.1)	(1.0)	(1.1)	(1.0)	(1.0)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.8)	(3.4)	(1.2)	(0.6)	0.5	-64.2%	28.8%
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)		
- Taxes (pre- Financial Result)	-	-	-	-	-	(0.1)	(0.4)		
= Recurrent Free Cash Flow (To the Firm)	(0.8)	(1.5)	(2.9)	(3.4)	(1.4)	(1.0)	(0.1)	-62.5%	66.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-156.2%	-82.2%	-99.1%	-18.3%	58.5%	31.7%	86.6%		
<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>n.a.</i>		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
= Free Cash Flow "To the Firm"	(0.8)	(1.5)	(2.9)	(3.4)	(0.6)	(1.0)	(0.1)	-62.5%	66.4%
<i>Free Cash Flow (To the Firm) growth</i>	-156.2%	-82.2%	-99.1%	-18.3%	81.2%	-50.7%	86.6%		
<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>n.a.</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>n.a.</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	17.9	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	0.8	6m Results 2023
+ Net financial debt	4.1	6m Results 2023
- Financial Investments	0.1	6m Results 2023
+/- Others		
Enterprise Value (EV)	22.7	

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	10.2	13.8	18.2	n.a.	44.3%
Total Revenues growth							n.a.	n.a.	613.8%	107.3%	29.3%	68.3%	35.6%	31.7%		
EBITDA							(0.1)	(0.6)	(1.2)	(1.7)	(2.1)	0.1	0.6	1.5	n.a.	39.3%
EBITDA growth							n.a.	-278.4%	-108.0%	-50.1%	-19.6%	103.0%	827.2%	154.8%		
EBITDA/Sales							n.a.	n.a.	n.a.	n.a.	n.a.	0.6%	4.1%	8.0%		
Net Profit							(0.1)	(0.4)	(0.6)	(1.3)	(1.9)	(0.2)	0.3	0.9	n.a.	35.1%
Net Profit growth							n.a.	-512.5%	-54.8%	-130.6%	-44.7%	90.7%	290.7%	160.7%		
Adjusted number shares (Mn)							0.3	0.3	0.4	5.7	8.8	9.2	9.3	9.3		
EPS (EUR)							-0.21	-1.10	-1.54	-0.23	-0.22	-0.02	0.04	0.10	n.a.	34.6%
EPS growth							n.a.	n.a.	-40.6%	84.9%	6.9%	91.1%	n.a.	n.a.		
Ord. EPS (EUR)							-0.26	-1.47	-1.75	-0.23	-0.26	-0.04	0.02	0.10	n.a.	33.4%
Ord. EPS growth							n.a.	n.a.	-18.4%	87.0%	-12.7%	84.6%	n.a.	n.a.		
CAPEX							(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)		
CAPEX/Sales %							120.0%	11.8%	2.7%	2.8%	1.0%	1.7%	1.4%	1.1%		
Free Cash Flow							(0.3)	(0.8)	(1.6)	(3.0)	(3.2)	(1.0)	(1.2)	(0.4)	n.a.	49.6%
ND/EBITDA (x) ⁽²⁾							n.a.	n.a.	n.a.	n.a.	n.a.	47.5x	7.3x	3.1x		
P/E (x)							n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.2x		
EV/Sales (x)							n.a.	n.a.	0.40x	0.54x	6.07x	2.23x	1.64x	1.25x		
EV/EBITDA (x) ⁽²⁾							1.6x	0.3x	n.a.	n.a.	n.a.	n.a.	39.8x	15.6x		
Absolute performance							n.a.	n.a.	n.a.	n.a.	-45.9%	-7.7%				
Relative performance vs Ibex 35							n.a.	n.a.	n.a.	n.a.	-42.7%	-17.7%				

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						
EUR Mn		Varta AG	Enersys	Fluence	Flux Power Holdings, Inc.	Average	END	
Market data	Ticker (Factset)	VAR1-DE	ENS-US	FLNC-US	FLUX-US		END-ES	
	Country	Germany	USA	USA	United States		Spain	
	Market cap	861.8	3,362.3	3,021.5	53.2		17.9	
	Enterprise value (EV)	1,409.7	4,002.3	1,830.6	63.2		22.7	
Basic financial information	Total Revenues	813.7	3,506.0	1,918.6	62.1		10.2	
	Total Revenues growth	0.8%	1.0%	71.0%	56.7%	24.3%	68.3%	
	2y CAGR (2023e - 2025e)	9.6%	n.a.	34.3%	27.1%	21.9%	33.6%	
	EBITDA	32.6	493.9	(76.5)	(3.7)		0.1	
	EBITDA growth	23.0%	35.9%	n.a.	72.1%	29.4%	103.0%	
	2y CAGR (2023e - 2025e)	99.5%	n.a.	n.a.	99.0%	99.5%	n.a.	
	EBITDA/Revenues	4.0%	14.1%	n.a.	n.a.	9.0%	0.6%	
	EBIT	(73.7)	392.6	(126.2)	(5.1)		0.2	
	EBIT growth	10.2%	41.2%	n.a.	64.8%	25.7%	112.5%	
	2y CAGR (2023e - 2025e)	56.1%	n.a.	86.3%	84.0%	71.2%	n.a.	
	EBIT/Revenues	n.a.	11.2%	n.a.	n.a.	11.2%	2.1%	
	Net Profit	(93.0)	277.5	(116.4)	(6.3)		(0.2)	
	Net Profit growth	53.6%	68.6%	n.a.	56.8%	61.1%	90.7%	
	2y CAGR (2023e - 2025e)	42.1%	n.a.	85.2%	70.0%	63.6%	n.a.	
CAPEX/Sales %	10.3%	3.1%	0.5%	1.6%	4.7%	1.7%		
Free Cash Flow	(27.6)	190.0	(113.9)	(4.3)		(1.0)		
Net financial debt	505.9	n.a.	(365.3)	10.0		2.9		
ND/EBITDA (x)	15.5	n.a.	n.a.	n.a.	15.5	n.a.		
Pay-out	0.0%	11.7%	0.0%	0.0%	3.9%	0.0%		
Multiples and Ratios	P/E (x)	n.a.	11.4	n.a.	n.a.	11.4	n.a.	
	P/BV (x)	4.6	2.0	9.6	5.9	5.4	8.7	
	EV/Revenues (x)	1.7	1.1	1.0	1.0	1.3	2.2	
	EV/EBITDA (x)	43.2	8.1	n.a.	n.a.	25.6	n.a.	
	EV/EBIT (x)	n.a.	10.2	n.a.	n.a.	10.2	n.a.	
	ROE	n.a.	17.2	n.a.	n.a.	17.2	n.a.	
	FCF Yield (%)	n.a.	5.7	n.a.	n.a.	5.7	n.a.	
	DPS	0.00	0.80	0.00	0.00	0.27	0.00	
Dvd Yield	0.0%	1.0%	0.0%	0.0%	0.3%	0.0%		

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

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

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
08-Nov-2023	n.a.	1.93	n.a.	n.a.	9m Results 2023 - Estimates upgrade	Luis Esteban Arribas
26-Oct-2023	n.a.	1.06	n.a.	n.a.	6m 2023 Preliminary results	Luis Esteban Arribas
02-Aug-2023	n.a.	1.76	n.a.	n.a.	6m 2023 Preliminary results	Luis Esteban Arribas
12-Jun-2023	n.a.	1.84	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
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

