

## 12m Results 2022

Opinion <sup>(1)</sup>: In line

Impact <sup>(1)</sup>: We will maintain our estimates

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**Innovative Solutions Ecosystem (ISE)**, formerly Service Point Solutions, is a company whose strategy is one of growth via M&A in the data security, technology, cryptography and online voting sectors. After the sale of its traditional business in 2021, SPS specialises in the online voting sector, where it is a leading player with an international presence through its subsidiary Scyt! (acquired in 2020).

## 2022 results in line. And waiting for revenue to take off from 2023e

### Market Data

Market Cap (Mn EUR and USD)	33.5	33.2
EV (Mn EUR and USD) <sup>(2)</sup>	46.7	46.4
Shares Outstanding (Mn)	57.7	
-12m (Max/Med/Mín EUR)	1.04 / 0.71 / 0.52	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(3)</sup>	17.3	
Factset / Bloomberg	ISE-ES / ISE SM	
Close fiscal year	30-Jun	

### Shareholders Structure (%)

Paragon Group	76.2
Free Float	23.8

### Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n <sup>o</sup> shares (Mn)	57.7	57.7	57.7	57.7
Total Revenues	6.2	9.5	12.7	15.2
Rec. EBITDA	-3.6	-2.3	0.0	0.5
% growth	-47.4	35.5	97.9	n.a.
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	3.5
% Inc. EBITDA sector <sup>(4)</sup>	22.6	18.6	13.9	n.a.
Net Profit	-5.3	-3.5	-0.9	-0.1
EPS (EUR)	-0.09	-0.06	-0.01	0.00
% growth	n.a.	34.5	75.5	88.0
Ord. EPS (EUR)	-0.09	-0.06	-0.02	0.00
% growth	-57.6	35.2	74.2	88.0
Rec. Free Cash Flow <sup>(5)</sup>	-4.9	-3.0	-0.2	0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	10.6	13.6	13.8	13.5
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	25.2
ROE (%)	97.5	35.2	7.1	0.8
ROCE (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	0.0

### Ratios & Multiples (x)<sup>(6)</sup>

	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	n.a.	n.a.	n.a.	n.a.
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	7.53	4.93	3.67	3.07
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	0.9

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

(2) Please refer to Appendix 3.

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

(4) Sector: Stoxx Europe 600 Technology.

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

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

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

**REVENUE ADVANCING AS EXPECTED (EUR 6.2Mn)...** Scyt!, ISE's electronic voting software business (acquired in October 2020), generated revenue of EUR 6.2Mn in FY 2022 (closed at June 30). A level of revenue (although as yet without critical mass) that seems to be starting to gain traction: 2H22 sales of EUR 3.6Mn vs EUR 2.6Mn in 1H22 and EUR 2.9Mn in 2H21. Growth (vs 1H22) that is due mainly to the impact of a new contract with the Dutch Electoral Commission to develop, supply and manage the new software that will be used in all the country's elections, with an impact of c. EUR 0.8Mn in 2H22.

**...ALTHOUGH WITH AN OPERATING STRUCTURE OF A SIZE FOR A MUCH HIGHER LEVEL OF REVENUE (2022 EBITDA: EUR -3.6Mn).** The current operating structure continues to weigh heavily on EBITDA: with a headcount of 92 employees, personnel costs amount to EUR 4.2Mn (68% of revenue). This, together with EUR 1.9Mn of other operating costs, keeps EBITDA negative (EUR -3.6Mn in 2022) and puts breakeven at revenue levels of c. EUR 15Mn (a figure that we estimate is not achievable until at least 2025e).

**NET DEBT HAS INCREASED TO EUR 10.6Mn.** ND (including EUR 0.8Mn in convertible bonds) was EUR 10.6Mn at the 2022 close (EUR 5.3Mn at the end of 2021). ND is mainly explained by the working capital funding obtained from the core shareholder (under the terms and conditions of the Paragon Group's Global Treasury Agreement; with no specific repayment date). So its financial support will continue to be crucial. (ISE ended 2022 with a negative Net Equity of EUR 8.2Mn).

**IN CONCLUSION, RESULTS IN LINE ALTHOUGH THE TRUE KEY LIES IN 2023e NUMBERS.** We maintain our estimates in the light of results that are in line. In our opinion, 2023e will be crucial for demonstrating the true capacity for growth of Scyt!'s business (and the proximity of achieving breakeven in EBITDA). The scenario we envisage for 2023e should enable ISE to generate revenue of, at least, EUR 9.5Mn (vs EUR 6.2Mn in 2022) although with EBITDA still below breakeven (EUR -2.3Mn). Estimates that, at the date of this report, would be trading at c. 5x EV/sales 2023e.

### Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	9.0	-3.0	-34.0	-17.8	-6.8	-46.1
vs Ibex 35	12.9	8.7	-24.0	-8.3	5.3	-28.7
vs Ibex Small Cap Index	11.4	15.3	-24.4	-9.0	-20.7	-57.1
vs Eurostoxx 50	16.9	5.5	-19.3	2.2	-7.6	-46.3
vs Sector benchmark <sup>(4)</sup>	23.3	5.7	-2.2	20.5	-20.4	-59.0

## 12m Results 2022

### 12m22 Results Table

EUR Mn	12m22 Real	12m21 <sup>(1)</sup>
<b>Total Revenues</b>	<b>6.2</b>	<b>3.0</b>
<b>Gross Margin</b>	<b>2.5</b>	<b>1.4</b>
<i>Gross Margin/Revenues</i>	<i>40.0%</i>	<i>46.1%</i>
<b>Recurrent EBITDA<sup>(2)</sup></b>	<b>-3.6</b>	<b>-2.4</b>
<b>EBIT</b>	<b>-5.0</b>	<b>-3.2</b>
<b>NP</b>	<b>-5.3</b>	<b>0.5</b>
<b>Net Debt<sup>(3)</sup></b>	<b>10.6</b>	<b>5.3</b>

Note 1: In 2021 the date of the financial year close was changed (to June 30), so FY 2021 corresponds to the six-month period between January 1 2021 and June 30 2021.

Note 2: Recurrent EBITDA adjusted to strip out the impact of EUR 0.5Mn in capitalised expenses in 2022 (no impact in 2021).

Note 3: Net debt mainly comprises funding provided by the Paragon Group (controlling shareholder of ISE), including EUR 0.9Mn of convertible bonds in 2022 (EUR 0.8Mn in 2021) that are pending conversion in shares of ISE (maturing in June 2026). Net Debt adjusted to strip out the impact of IFRS 16 (EUR 1Mn in 2022).

### Half-yearly evolution (2021-2022)

EUR Mn	2021 <sup>(1)</sup>		2022	
	2H21	1H22	2H22	2022
<b>Total Revenues</b>	3.0	2.6	3.6	<b>6.2</b>
<b>Gross margin</b>	1.4	1.3	1.2	<b>2.5</b>
<b>Recurrent EBITDA<sup>(2)</sup></b>	-2.4	-1.6	-1.9	<b>-3.6</b>
<b>EBIT</b>	-3.2	-2.4	-2.6	<b>-5.0</b>
<b>NP</b>	0.5	-2.4	-2.9	<b>-5.3</b>
<b>Net Debt<sup>(3)</sup></b>	5.3	7.5	10.6	<b>10.6</b>

Note 1: In 2021 the date of the financial year close was changed (to June 30), so FY 2021 corresponds to the six-month period between January 1 2021 and June 30 2021.

Note 2: Recurrent EBITDA adjusted to strip out the impact of EUR 0.5Mn in capitalised expenses in 2022 (no impact in 2021).

Note 3: Net debt mainly comprises funding provided by the Paragon Group (controlling shareholder of ISE), including EUR 0.9Mn of convertible bonds in 2022 (EUR 0.8Mn in 2021) that are pending conversion in shares of ISE (maturing in June 2026). Net Debt adjusted to strip out the impact of IFRS 16 (EUR 1Mn in 2022).

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(2.9)	(0.1)	0.4	n.a.		
Market Cap	33.5	At the date of this report				
Net financial debt	10.6	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.6%	$Kd = \text{Cost of Net Debt} * (1-T)$			3.4%	3.8%
Risk free rate (rf)	2.8%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	7.0%	R (own estimate)			6.5%	7.5%
Beta (B)	1.3	B (own estimate)			1.2	1.3
Cost of Equity	11.9%	$Ke = Rf + (R * B)$			10.6%	12.5%
Equity / (Equity + Net Debt)	75.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	24.1%	D			=	=
WACC	9.9%	$WACC = Kd * D + Ke * E$			8.9%	10.4%
G "Fair"	2.0%				2.0%	1.5%

(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
Atos	ATO-FR	1,107.3	4.4	-13.3%	3.7	-0.9%	0.4	2.6%	10.2%	n.a.	83.4%
Tieto	TIETO-FI	3,022.2	10.6	11.3%	7.6	1.1%	1.3	2.9%	16.7%	10.1%	16.2%
Indra	IDR-ES	1,336.4	7.0	15.0%	4.0	5.1%	0.4	3.0%	10.8%	14.7%	7.1%
IT Services			7.3	4.4%	5.1	1.8%	0.7	2.9%	12.6%	12.4%	35.6%
ISE	ISE-ES	33.5	n.a.	82.8%	n.a.	49.4%	4.9	26.8%	n.a.	n.a.	45.1%

## Appendix 1. Financial Projections<sup>(1)</sup>

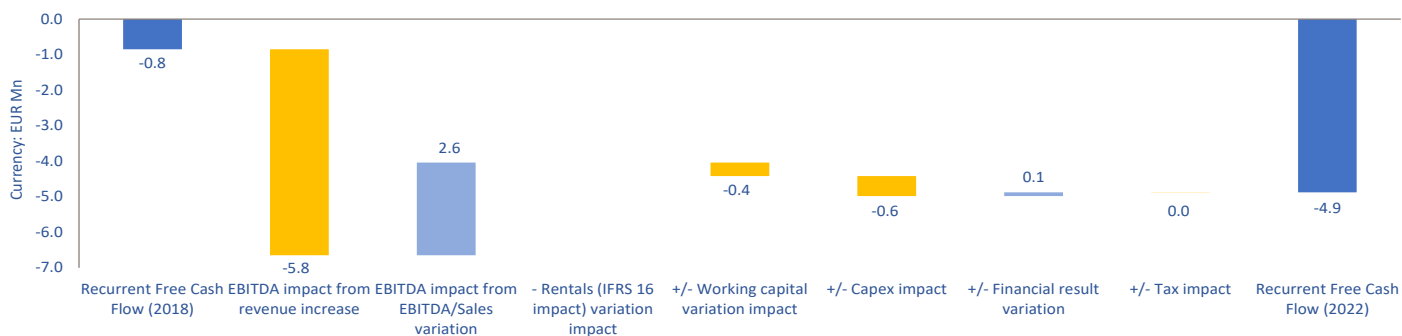
Balance Sheet (EUR Mn)	2018	2019	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.0	0.1	7.3	5.2	4.1	3.0	2.3	1.8		
Fixed assets	0.4	0.2	0.2	0.0	0.1	0.2	0.3	0.4		
Other Non Current Assets	-	1.6	-	-	0.9	0.9	0.9	0.9		
Financial Investments	0.0	0.0	1.0	0.2	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	-	-	2.1	2.1	2.1	2.1	2.1	2.1		
Current assets	1.3	1.2	2.1	1.3	2.6	3.7	4.7	5.6		
<b>Total assets</b>	<b>1.8</b>	<b>3.1</b>	<b>12.7</b>	<b>8.8</b>	<b>10.4</b>	<b>10.5</b>	<b>11.0</b>	<b>11.4</b>		
Equity	(2.2)	(3.1)	(4.4)	(2.8)	(8.2)	(11.6)	(12.5)	(12.6)		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	2.9	2.2	2.1	2.1	2.1	2.1		
Other Non Current Liabilities	0.3	1.6	-	-	1.0	1.0	1.0	1.0		
Net financial debt	1.2	1.8	8.5	5.3	10.6	13.6	13.8	13.5		
Current Liabilities	2.6	2.9	5.7	4.2	4.8	5.4	6.5	7.4		
<b>Equity &amp; Total Liabilities</b>	<b>1.8</b>	<b>3.1</b>	<b>12.7</b>	<b>8.8</b>	<b>10.4</b>	<b>10.5</b>	<b>11.0</b>	<b>11.4</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(1)</sup></b>	<b>2021<sup>(1)</sup></b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>CAGR</b>	
<b>Total Revenues</b>	<b>8.2</b>	<b>7.7</b>	<b>1.0</b>	<b>3.0</b>	<b>6.2</b>	<b>9.5</b>	<b>12.7</b>	<b>15.2</b>	<b>-6.8%</b>	<b>34.9%</b>
<i>Total Revenues growth</i>	-6.6%	-6.0%	-87.5%	214.9%	104.6%	52.7%	34.3%	19.7%		
COGS	(2.9)	(2.9)	(0.5)	(1.6)	(3.7)	(5.1)	(5.6)	(6.9)		
<b>Gross Margin</b>	<b>5.3</b>	<b>4.8</b>	<b>0.5</b>	<b>1.4</b>	<b>2.5</b>	<b>4.4</b>	<b>7.1</b>	<b>8.3</b>	<b>-17.4%</b>	<b>49.6%</b>
<i>Gross Margin/Revenues</i>	64.9%	61.8%	48.0%	46.1%	40.0%	46.1%	55.7%	54.6%		
Personnel Expenses	(4.5)	(4.2)	(1.5)	(2.9)	(4.2)	(4.4)	(4.6)	(5.0)		
Other Operating Expenses	(1.3)	(1.0)	(0.7)	(0.9)	(1.9)	(2.3)	(2.5)	(2.8)		
<b>Recurrent EBITDA</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(3.6)</b>	<b>(2.3)</b>	<b>(0.0)</b>	<b>0.5</b>	<b>-73.6%</b>	<b>29.1%</b>
<i>Recurrent EBITDA growth</i>	-477.8%	-3.3%	-314.0%	-43.9%	-47.4%	35.5%	97.9%	n.a.		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.5%		
Restructuring Expense & Other non-rec.	-	-	-	-	0.1	-	-	-		
<b>EBITDA</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(3.5)</b>	<b>(2.3)</b>	<b>(0.0)</b>	<b>0.5</b>	<b>-72.9%</b>	<b>29.1%</b>
Depreciation & Provisions	(0.1)	(0.1)	(0.3)	(0.8)	(1.9)	(1.5)	(1.2)	(1.0)		
Capitalized Expense	-	-	-	-	0.5	0.5	0.5	0.5		
Rentals (IFRS 16 impact)	-	(0.3)	-	-	-	-	-	-		
<b>EBIT</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(1.9)</b>	<b>(3.2)</b>	<b>(5.0)</b>	<b>(3.4)</b>	<b>(0.8)</b>	<b>0.0</b>	<b>-76.3%</b>	<b>26.0%</b>
<i>EBIT growth</i>	-56.5%	-53.7%	-144.5%	-64.6%	-56.2%	32.4%	76.7%	100.1%		
<i>EBIT/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.1)	(0.0)	(0.1)	(0.3)	(0.1)	(0.1)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(2.0)</b>	<b>(3.3)</b>	<b>(5.3)</b>	<b>(3.5)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>-66.9%</b>	<b>72.7%</b>
<i>Ordinary Profit Growth</i>	-72.5%	-33.8%	-115.5%	-66.5%	-61.7%	34.5%	74.2%	88.0%		
Extraordinary Results	-	-	0.1	0.2	-	-	-	-		
<b>Profit Before Tax</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(1.9)</b>	<b>(3.1)</b>	<b>(5.3)</b>	<b>(3.5)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>-66.9%</b>	<b>72.7%</b>
Tax Expense	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	0.0	0.0		
<i>Effective Tax Rate</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	(0.2)	3.7	-	-	-	-		
<b>Net Profit</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(2.1)</b>	<b>0.5</b>	<b>(5.3)</b>	<b>(3.5)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>-66.8%</b>	<b>73.2%</b>
<i>Net Profit growth</i>	-71.9%	-33.6%	-123.6%	125.4%	n.a.	34.5%	75.5%	88.0%		
<b>Ordinary Net Profit</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>(2.0)</b>	<b>(3.3)</b>	<b>(5.4)</b>	<b>(3.5)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>-67.4%</b>	<b>72.8%</b>
<i>Ordinary Net Profit growth</i>	-658.5%	-33.8%	-115.5%	-66.5%	-63.5%	35.2%	74.2%	88.0%		
<b>Cash Flow (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(1)</sup></b>	<b>2021<sup>(1)</sup></b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>CAGR</b>	
<b>Recurrent EBITDA</b>						<b>(2.3)</b>	<b>(0.0)</b>	<b>0.5</b>	<b>-73.6%</b>	<b>29.1%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.5)	0.0	0.0		
<b>Recurrent Operating Cash Flow</b>						<b>-2.8</b>	<b>0.0</b>	<b>0.6</b>	<b>-60.1%</b>	<b>28.8%</b>
CAPEX						(0.1)	(0.1)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.1)		
Tax Expense						(0.0)	0.0	0.0		
<b>Recurrent Free Cash Flow</b>						<b>(3.0)</b>	<b>(0.2)</b>	<b>0.3</b>	<b>-54.9%</b>	<b>27.3%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(3.0)</b>	<b>(0.2)</b>	<b>0.3</b>	<b>-58.3%</b>	<b>27.2%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>3.0</b>	<b>0.2</b>	<b>(0.3)</b>		

## Appendix 2. Free Cash Flow

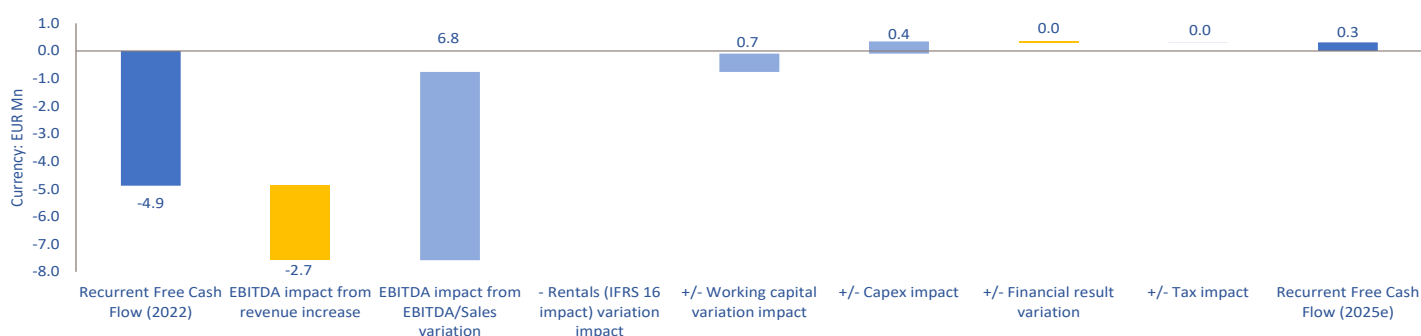
A) Cash Flow Analysis (EUR Mn)	2019	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(3.6)</b>	<b>(2.3)</b>	<b>(0.0)</b>	<b>0.5</b>	<i>n.a.</i>	<b>29.1%</b>
<i>Recurrent EBITDA growth</i>	-3.3%	-314.0%	-43.9%	-47.4%	35.5%	97.9%	<i>n.a.</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>	3.5%		
- Rentals (IFRS 16 impact)	(0.3)	-	-	-	-	-	-		
+/- Working Capital increase	0.5	1.9	(0.8)	(0.6)	(0.5)	0.0	0.0		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(3.2)</b>	<b>(4.2)</b>	<b>(2.8)</b>	<b>(0.0)</b>	<b>0.6</b>	<i>n.a.</i>	<b>28.8%</b>
<i>Rec. Operating Cash Flow growth</i>	62.1%	193.0%	<i>n.a.</i>	-30.1%	33.3%	99.9%	<i>n.a.</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	23.5%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	3.8%		
- CAPEX	(0.7)	(0.0)	(0.1)	(0.6)	(0.1)	(0.1)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Taxes	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0		
<b>= Recurrent Free Cash Flow</b>	<b>(1.0)</b>	<b>0.1</b>	<b>(3.4)</b>	<b>(4.9)</b>	<b>(3.0)</b>	<b>(0.2)</b>	<b>0.3</b>	<b>-67.5%</b>	<b>27.3%</b>
<i>Rec. Free Cash Flow growth</i>	-22.6%	110.3%	<i>n.a.</i>	-44.9%	38.4%	93.5%	261.4%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	11.1%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.1%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	-	(4.5)	-	(0.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>(1.0)</b>	<b>(4.3)</b>	<b>(3.4)</b>	<b>(5.3)</b>	<b>(3.0)</b>	<b>(0.2)</b>	<b>0.3</b>	<b>-72.4%</b>	<b>27.2%</b>
<i>Free Cash Flow growth</i>	-22.6%	-318.3%	22.5%	-57.9%	43.5%	93.5%	261.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	0.3%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0.9%		
<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>	0.9%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022	2023e	2024e	2025e	CAGR	
<b>Recurrent FCF(FY - 1)</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>0.1</b>	<b>(3.4)</b>	<b>(4.9)</b>	<b>(3.0)</b>	<b>(0.2)</b>		
EBITDA impact from revenue increase	0.0	0.4	(3.6)	(2.5)	(1.9)	(0.8)	(0.0)		
EBITDA impact from EBITDA/Sales variation	(0.0)	(1.6)	2.9	1.4	3.2	3.1	0.6		
<b>= Recurrent EBITDA variation</b>	<b>(0.0)</b>	<b>(1.3)</b>	<b>(0.7)</b>	<b>(1.2)</b>	<b>1.3</b>	<b>2.3</b>	<b>0.6</b>		
- Rentals (IFRS 16 impact) variation impact	(0.3)	0.3	-	-	-	-	-		
+/- Working capital variation impact	0.7	1.4	(2.7)	0.2	0.1	0.5	(0.0)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>0.4</b>	<b>0.5</b>	<b>(3.5)</b>	<b>(1.0)</b>	<b>1.4</b>	<b>2.8</b>	<b>0.6</b>		
+/- CAPEX impact	(0.6)	0.6	(0.0)	(0.5)	0.5	(0.0)	(0.0)		
+/- Financial result variation	0.0	0.0	0.0	-	(0.0)	(0.0)	0.0		
+/- Tax impact	(0.0)	0.0	(0.0)	-	0.0	0.0	(0.0)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(0.2)</b>	<b>1.1</b>	<b>(3.5)</b>	<b>(1.5)</b>	<b>1.9</b>	<b>2.8</b>	<b>0.5</b>		
<b>Recurrent Free Cash Flow</b>	<b>(1.0)</b>	<b>0.1</b>	<b>(3.4)</b>	<b>(4.9)</b>	<b>(3.0)</b>	<b>(0.2)</b>	<b>0.3</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>	<b>(0.8)</b>	<b>(1.9)</b>	<b>(3.2)</b>	<b>(5.0)</b>	<b>(3.4)</b>	<b>(0.8)</b>	<b>0.0</b>	<b>-84.6%</b>	<b>26.0%</b>
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
<b>Recurrent EBITDA</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(3.6)</b>	<b>(2.3)</b>	<b>(0.0)</b>	<b>0.5</b>	<i>n.a.</i>	<b>29.1%</b>
- Rentals (IFRS 16 impact)	(0.3)	-	-	-	-	-	-		
+/- Working Capital increase	0.5	1.9	(0.8)	(0.6)	(0.5)	0.0	0.0		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(3.2)</b>	<b>(4.2)</b>	<b>(2.8)</b>	<b>(0.0)</b>	<b>0.6</b>	<i>n.a.</i>	<b>28.8%</b>
- CAPEX	(0.7)	(0.0)	(0.1)	(0.6)	(0.1)	(0.1)	(0.2)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(0.9)</b>	<b>0.2</b>	<b>(3.3)</b>	<b>(4.8)</b>	<b>(2.9)</b>	<b>(0.1)</b>	<b>0.4</b>	<b>-73.9%</b>	<b>27.8%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-35.1%	120.0%	<i>n.a.</i>	-45.9%	39.6%	95.5%	420.5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	19.1%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.8%		
- Acquisitions / + Divestments	-	(4.5)	-	(0.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(0.9)</b>	<b>(4.3)</b>	<b>(3.3)</b>	<b>(5.2)</b>	<b>(2.9)</b>	<b>(0.1)</b>	<b>0.4</b>	<b>-79.0%</b>	<b>27.6%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-35.1%	-366.2%	22.7%	-59.2%	44.6%	95.5%	420.5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	0.4%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0.9%		
<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>	0.9%		

Note 1: FY 2020 results include two months of results of the business of Scytll (acquired in October 2020). Additionally, as a result of the change in the financial close, FY 2021 corresponds to the six-month period between January 1, 2021 and June 30, 2021. The FY prior to 2021 correspond to periods from January 1 to December 31.

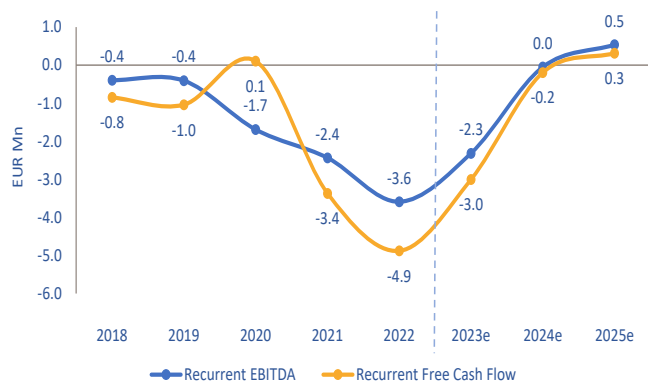
**Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)**



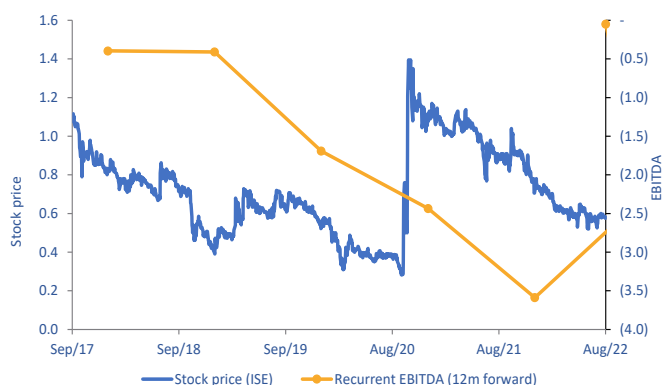
**Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)**



**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	33.5	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	1.9	12m Results 2022
+ Net financial debt	10.6	12m Results 2022
- Financial Investments	(0.6)	12m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>46.7</b>	

## Appendix 4. Main peers 2023e

		IT Services				
EUR Mn		Atos	Tieto	Indra	Average	ISE
Market data	Ticker (Factset)	ATO-FR	TIETO-FI	IDR-ES		ISE-ES
	Country	France	Finland	Spain		Spain
	Market cap	1,107.3	3,022.2	1,336.4		33.5
	Enterprise value (EV)	4,051.8	3,766.5	1,622.9		46.7
Basic financial information	Total Revenues	10,742.6	2,972.5	3,785.0		9.5
	Total Revenues growth	-2.0%	2.7%	4.0%	1.6%	52.7%
	2y CAGR (2023e - 2025e)	2.6%	2.9%	3.0%	2.9%	26.8%
	EBITDA	1,091.1	497.4	409.8		(2.3)
	EBITDA growth	9.6%	10.6%	5.0%	8.4%	34.4%
	2y CAGR (2023e - 2025e)	-0.9%	1.1%	5.1%	1.8%	49.4%
	EBITDA/Revenues	10.2%	16.7%	10.8%	12.6%	n.a.
	EBIT	419.8	362.0	310.4		(3.4)
	EBIT growth	26.4%	12.0%	5.6%	14.7%	32.4%
	2y CAGR (2023e - 2025e)	42.1%	5.2%	6.5%	17.9%	41.4%
	EBIT/Revenues	3.9%	12.2%	8.2%	8.1%	n.a.
	Net Profit	298.1	241.8	194.3		(3.5)
	Net Profit growth	51.1%	29.5%	9.6%	30.1%	34.5%
	2y CAGR (2023e - 2025e)	-20.6%	7.6%	8.3%	-1.6%	82.8%
	CAPEX/Sales %	2.8%	3.0%	1.8%	2.5%	1.0%
Free Cash Flow	(325.0)	305.7	196.6		(3.0)	
Net financial debt	2,101.2	418.6	(35.2)		13.6	
ND/EBITDA (x)	1.9	0.8	(0.1)	0.9	n.a.	
Pay-out	11.7%	75.0%	24.3%	37.0%	0.0%	
Multiples and Ratios	P/E (x)	4.4	10.6	7.0	7.3	n.a.
	P/BV (x)	0.3	1.6	1.2	1.1	n.a.
	EV/Revenues (x)	0.4	1.3	0.4	0.7	4.9
	EV/EBITDA (x)	3.7	7.6	4.0	5.1	n.a.
	EV/EBIT (x)	9.7	10.4	5.2	8.4	n.a.
	ROE	7.5	15.6	17.0	13.4	35.2
	FCF Yield (%)	n.a.	10.1	14.7	12.4	n.a.
	DPS	0.32	1.53	0.27	0.71	0.00
	Dvd Yield	3.2%	6.0%	3.5%	4.2%	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).



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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Sep-2022	n.a.	0.58	n.a.	n.a.	12m Results 2022	David López Sánchez
04-Apr-2022	n.a.	0.63	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
06-Sep-2021	n.a.	0.88	n.a.	n.a.	12m Results 2021	David López Sánchez
02-Jul-2021	n.a.	0.98	n.a.	n.a.	Important news	David López Sánchez
19-May-2021	n.a.	1.09	n.a.	n.a.	12m Results 2020	David López Sánchez
05-Mar-2021	n.a.	1.01	n.a.	n.a.	Important news	David López Sánchez
15-Dec-2020	n.a.	1.08	n.a.	n.a.	Initiation of Coverage	David López Sánchez

