

EQUITY - SPAIN

Sector: Textiles, Apparel & Luxury Goods

 Proposed value/momentum indicators
 Report without projections, valuation or recommendation
 See explanation of this product on page 3 of this report

 Report date: 2 Aug 2024
 Closing price: EUR 10.10 (1 Aug 2024)

Liwe (LIW) is a company that designs, makes and sells clothing, footwear and fashion accessories for young people. It markets its products under the INSIDE and INSIDE Shoes brand names through a network of 371 stores (vs 461 in 2018) in Spain (348), Italy (6), Portugal (15) and Greece (2) in addition to its own online store. Its core market is the local one (94% of 2023 revenue)."

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What the numbers are saying today

REVENUE STILL BELOW PRE-PANDEMIC LEVELS (CAGR 2018-2023: -3.6%), BUT WIDER MARGINS. LIW reported revenue in 2023 of EUR 128.2Mn (-18.2% vs 2018 due to the lower number of stores —371 in 2023 vs 561 in 2018), although revenue per store was largely flat (+1.7% vs 2018). Gross margin contracted to 62.9% (-2.8pp vs 2018), although the decrease in overhead (from the smaller store network) provided a counterbalance. EBIT margin in 2023 expanded to 5.2% (+1.6pp vs 2018; EBIT 2023: EUR 6.7Mn).

HEFTY FINANCE COSTS HIT THE BOTTOM LINE, WHILE DEBT GREW FURTHER. Below the EBIT line, a net finance expense of EUR 9.6Mn (vs EUR 3.1Mn in 2018) led to a net loss in 2023 of EUR 2.9Mn (vs EUR 6.4Mn in 2018). LIW saw net debt rise in the year to EUR 55.5Mn (+70.2% vs 2018; ND/equity 2023 2.4x), driven up by: (i) CAPEX, (ii) high working capital (growth in inventories) and (iii) hefty finance costs.

MOMENTUM (2H23): WHAT DO THE LATEST EARNINGS SHOW? 2H23 earnings featured a continuation of the negative trend seen in 2H22. Revenue amounted to EUR 70.3Mn (-3.1% vs 2H22) and EBIT to EUR 2.5Mn (vs EUR 3.2Mn in 2H22; EBIT margin: 3.5%). The biggest takeaway was the growth in finance costs, which undermined the bottom line and left LIW with a net loss for the six-month period of EUR 5.3Mn (vs EUR -0.6Mn in 2022).

IN CONCLUSION: WHAT DO THE NUMBERS TELL US?: LIW's latest set of earnings paint a picture of a company with flat revenue over the past three years—still well below pre-pandemic levels—but some recovery in EBIT margin (5.2% vs 5.9% and 4.9% in 2019 and 2022 respectively). Momentum is hardly favourable, while risk related to the company's lofty debt is high. That being said, upside potential is pretty clear. The company has the ability to deliver revenue of EUR 130Mn (and an EBITDA margin of c.22%) and is trading at an EV/revenue 2023 multiple of 0.6x (vs 1.0x for its comps).

Market Data

Market Cap (Mn EUR and USD)	16.8	18.2
EV (Mn EUR and USD) ⁽¹⁾	74.0	79.8
Total Revenues	52.1	55.5
Shares Outstanding (Mn)	1.7	
-12m (Max/Med/Mín EUR)	13.20 / 11.66 / 10.10	
Daily Avg vol.(-12m Mn EUR)	n.m.	
Rotation (%) ⁽²⁾	0.15	
Factset / Bloomberg	LIW-ES / LIW SM	
Close fiscal year	31 Dec	

Shareholders Structure (%)

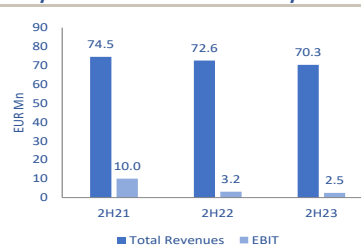
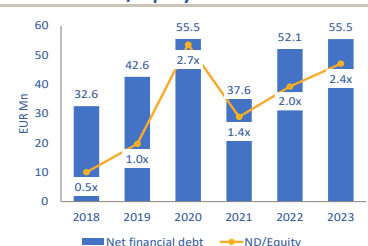
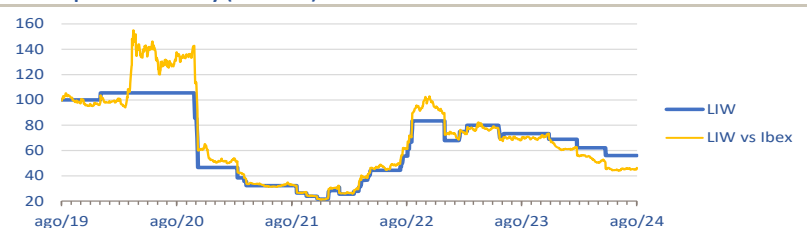
Founding family	76.9
F.F. Bernabé (CEO)	7.6
Free Float	15.5

Financials (Mn EUR)

	2020	2021	2022	2023
Adj. nº shares (Mn)	1.7	1.7	1.6	1.6
Total Revenues	101.9	126.3	129.6	128.2
Rec. EBITDA	11.8	28.6	27.0	28.0
% growth	-65.8	141.5	-5.7	3.8
% Rec. EBITDA/Rev.	11.6	22.7	20.8	21.8
% Inc. EBITDA sector ⁽³⁾	-9.9	28.4	12.0	17.7
Net profit	-24.2	5.3	0.6	-2.9
EPS (EUR)	n.a.	3.18	0.36	n.a.
% growth	n.a.	n.a.	-88.5	n.a.
Ord. EPS (EUR)	n.a.	2.64	0.26	n.a.
% growth	n.a.	n.a.	-90.2	n.a.
Rec. Free Cash Flow ⁽⁴⁾	-11.1	19.2	-11.7	-5.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	55.5	37.6	52.1	55.5
ND/Rec. EBITDA (x)	4.7	1.3	1.9	2.0
ROE (%)	n.a.	22.7	2.3	n.a.
ROCE (%)	n.a.	9.6	9.0	8.5

Ratios &
Multiples(x)⁽⁵⁾

P/E	n.a.	3.2	27.7	n.a.
Ord. P/E	n.a.	3.8	39.2	n.a.
P/BV	0.8	0.6	0.6	0.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.73	0.59	0.57	0.58
EV/Rec. EBITDA	6.2	2.6	2.7	2.6
EV/EBIT	n.a.	8.8	11.7	11.0
FCF Yield (%) ⁽⁴⁾	n.a.	113.9	n.a.	n.a.

Half year Momentum: Growth -3y vs

Net Debt vs ND/Equity

Relative performance -5y (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-23.5	-18.5	74.1	-43.9
vs Ibex 35	1.9	0.0	-33.0	-24.2	39.2	-53.3
vs Ibex Small Cap Index	1.3	-2.5	-26.8	-23.6	73.7	-57.2
vs Eurostoxx 50	3.4	3.3	-29.2	-22.7	49.4	-58.9
vs sector Benchmark ⁽³⁾	-3.6	-4.2	-33.4	-25.4	83.3	-60.0

(1) Please refer to page 8.

(2) Rotation represents the % of the capitalisation traded - 12m.

(3) Sector: Stoxx Europe 600 Retail.

(4) Based on recurrent FCF. Please refer to page 7.

(5) 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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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

Contents

1. Purpose of this report

An explanation of the goals of the report, its structure and what not to expect from it.

2. Conclusions

Main ideas arising from the analysis carried out, focusing on margin and revenue growth trends and on the company's valuation and momentum indicators.

3. The company in 6 charts

A quick look at the company's situation: growth in revenue and EBITDA, margins, past and current debt levels, etc.

4. Basic financial information

Historical financial statements model and breakdown of the main Balance sheet, P/L and Cash Flow items.

5. "All the numbers"

Analysis of multiples and ratios relating to what has occurred in the company in the last 5 years.

6. Valuation inputs

Valuation exercises on the basis of the latest results released by the company both relative to the sector and by DCF.

1. Purpose of this report

What is this report? What is its goal?

This report is simply an orderly financial analysis of the company's "verifiable numbers". In other words, an analysis of the financial statements already published. The analysis is based solely on the financial statements for the last five years and the latest half-yearly results published, and on the performance of the share price in this period. At this point it is important to clarify what this report is and what it isn't.

A) What it is: objectives of the report

- 1) **A DESCRIPTION OF THE COMPANY FROM A FINANCIAL POINT OF VIEW:** An orderly presentation of the financial statements and their main items.
- 2) **A FINANCIAL ANALYSIS OF WHAT HAS OCCURRED IN THE LAST 5 YEARS:** Analysis of growth rates, margins, multiples and ratios. Identification of trends.
- 3) **VALUATION EXERCISES:** application of different valuation techniques to the results already obtained by the company with the sole objective that they act as purely theoretical indicators of a potential over- or under-valuation of the business:
 - ✓ Application of EV/Sales adjusted by the margin differential vs the sector and sensitivity analysis of the result.
 - ✓ Differential (premium/discount) vs the sector in terms of EV/EBITDA, EV/EBIT, P/E, P/BV and FCF yield.
 - ✓ Valuation exercised based on the last year closed (Net EBIT / (WACC - G)) and sensitivity analysis of the result.

Para facilitar la interpretación de los diferentes resultados se incluye el diferencial de crecimiento histórico de la compañía vs sector. Así como su evolución (¿se amplía? ¿se reduce? ¿es estable?).

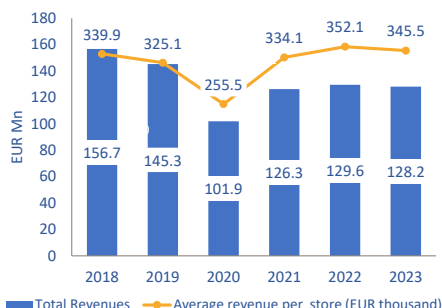
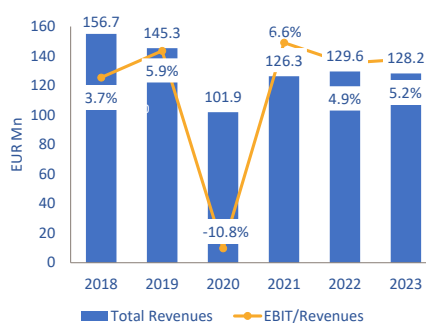
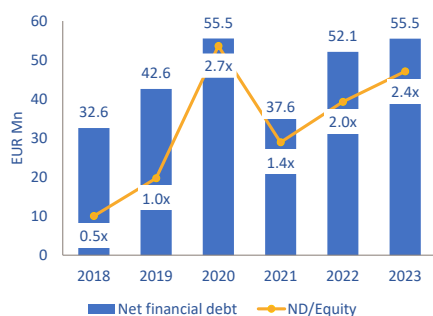
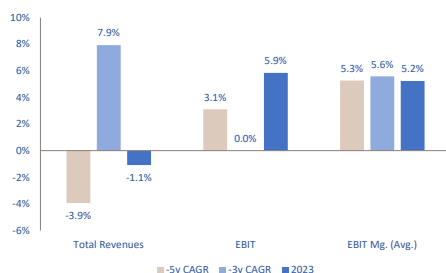
- 4) **INDICATORS OF BUSINESS MOMENTUM.** Obtained through an analysis of the last half-yearly results by comparison with the company's historical performance (in absolute terms and relative to the sector).

B) What it is not: what this report doesn't do nor is intended to do.

- 1) **IT IS NEITHER A FUNDAMENTAL ANALYSIS OF THE COMPANY.** Nor an initiation of coverage as it neither analyses the company's strategy nor the possible future business performance.
- 2) **IT IS NOT AN ESTIMATE OF FUTURE RESULTS.** No financial projections of any kind have been prepared (the analysis is carried out on historical financial statements).
- 3) **IT IS NOT A TRUE VALUATION OF THE COMPANY. NO TARGET PRICE IS SET.** A valuation requires an estimation of the future business performance (financial projections) and so is not possible in this report. All the valuation exercises are carried out on a theoretical basis and in the knowledge that, without an opinion on the future business performance, they are incomplete, and their sole use is to act as value indicators. They do not represent a true valuation of the company.
- 4) **IT IS NOT A RECOMMENDATION TO BUY OR SELL THE STOCK.** This report does not propose any kind of investment recommendation either explicitly or implicitly.

IN CONCLUSION: this report is not a conventional fundamental analysis (financial projections, valuation, and recommendation). However, it does aim to be a useful tool for investors to get to know the company better by providing a systematic presentation of the available information so that, in the end, an initial judgement can be made about its potential interest.

2. Conclusions

Chart 1: Revenues (2018-2023)

Chart 2: Revenues y EBIT Mg. (2018-2023)

Chart 3: Net Debt vs ND/Equity (2018-2023)

Chart 4: Trends: -5y, -3y y 2022


From our analysis of certain of the company's actuals, based exclusively on the financial statements already published (2018-2023), we would highlight:

A) Financial analysis of what has happened in the last five years: trends identified and business momentum

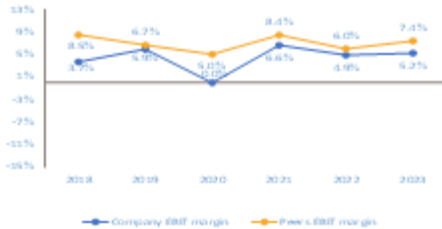
What happened in 2018-2023?

- **Drop in revenue (CAGR 2018-2023: -3.9%).** Revenue in 2023 totalled EUR 128.2Mn (vs EUR 156.7Mn in 2018; the company's all-time high). The difference in revenue is the result of the decrease in the number of stores (371 in 2023 vs 461 in 2018). Average revenue per store was slightly higher, at EUR 0.345Mn (+1.7% vs 2018).
- **Wider margins (EBIT margin 2018-2023: +1.6pp).** The contraction in gross margin in 2023 to 62.9% (-2.8pp in 2018) was offset by the reduction in operating expenses (-41.8% vs 2018) resulting from the smaller store network. Operating profit in the year increased to EUR 6.7Mn (CAGR 2018-2023: +3.1%), with a margin of 5.2% (+1.6%pp vs 2018). Net finance expense of EUR 9.6Mn in 2023 (vs EUR 3.1Mn in 2018) had a negative impact, leading to a loss before tax EUR 2.9Mn (vs EUR 8.5Mn in 2018)
- **Lower FCF generation due to the cash outflow from finance costs, coupled with working capital requirements and Capex.** The main items hurting LIW's cash generation in the year were: the cash impact from the financial result of EUR -8.0Mn (vs EUR -1.1Mn in 2018; which excludes non-cash finance costs/income), investments made in the year (c. EUR 24.6Mn) and the high working capital requirements caused by the on-balance sheet level of inventories (inventory/revenue: c.43.6%).
- **Increased leverage.** LIW ended 2023 with net debt of EUR 55.5Mn (vs EUR 32.6Mn at y/e 2018; +70.2%), implying leverage (net debt/equity) of 2.4x (vs 0.5x in 2018). Growth in debt was driven by: (i) investment to supply stores and in working capital, (ii) CAPEX and (iii) finance costs.

What has been the trend?

- **Flat revenue growth (after the sharp recovery in 2021) but post-pandemic improvement in per store profitability.** Revenue plunged 29.9% in 2020 as a result of Covid-19, then rebounded by 23.9% in 2021 to EUR 126.3Mn. LIW has seen flat revenue growth since (CAGR 2021-2023: 0.7%; 18.2% off its all-time high and 12% vs 2019). Average revenue per store in 2023 was above pre-pandemic levels, at EUR 0.345Mn (+6.1% vs 2019).
- **What about 2023?** LIW saw flat FY23 revenue of EUR 128.2Mn (-1.1% vs FY22), due to its smaller store network. The number of stores increased in the final months of 2023 to 371 (vs 368 in 2022), causing a drop in average revenue per store to EUR 0.345Mn (-1.9% vs 2022). This is (partly) because of how long it takes (for new stores) to reach full capacity.

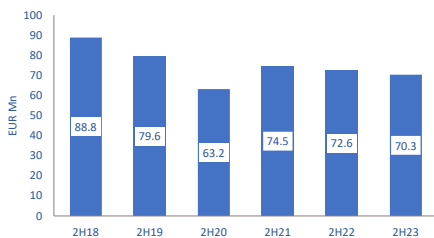
Regarding profitability, the lower cost of sales pushed up the recurring EBITDA margin to 21.8% (+1.0pp vs 2022), with recurring EBITDA of EUR 28.0Mn (+3.8% vs. 2022). Below the EBITDA line, the increase in finance costs to EUR 9.6Mn (vs EUR 5.8Mn in 2022) caused by the adverse impact of the remeasurement of financial instruments at fair value undermined the bottom line and resulted in a net loss of EUR 2.9Mn (vs EUR 0.6Mn in 2022).

How does LIW's performance (and its trend) compare with its sector?
Chart 5. EBIT Mg. Historical evolution


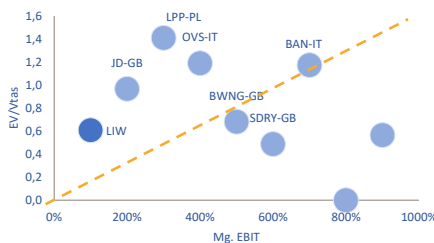
- **Revenue:** Over the 2018-2023 period, the company delivered lower revenue growth than its main comps of 12.5pp. In 2023, it again underperformed its main comps, which posted revenue growth of 3.5% (vs -1.1% for LIW).
- **Margins:** The company's EBIT margin held steady at 4.3pp below comps over the 2018-2023 period (LIW average: 3.1% vs 7.5% for its comps). In 2023, its margin was 2.2p.p lower (LIW EBIT margin of 5.2% vs 7.4% for the sector).

Momentum (2H23): What do the latest earnings show?

LIW still gets more revenue in the year's second half. Earnings in 2H22 featured lower year-on-year growth (-2.6% in revenue and -68.2% in EBIT; vs 2H21) because of the war in Ukraine. Highlights of 2H23:

Chart 6. Half-year: Revenues (2H Straight)


- **Revenue of EUR 70.3Mn (-3.1% vs 2H22; 54.9% of the total for 2023) due to the smaller store network.** LIW reported revenue in 2H23 of EUR 70,3Mn (-3.1% vs 2H22), below pre-pandemic levels (EUR 79.6Mn in 2019). The period saw a continuation of the negative trend in second-half revenue seen in recent years (-3.1% vs 2H22 and -5.6% vs 2H21).
- **Thinner margins and lofty finance costs hurt the bottom line.** EBIT margin in 2H23 was 3.5% (-0.9pp vs 2H22; EBIT 2H23 of EUR 2.5Mn). Below EBIT level, high finance costs undermined the bottom line in the year's second half, resulting in a net loss for 2H23 of EUR 5.3Mn (vs EUR -0.6Mn in 2H22).
- **Still-high debt.** LIW ended 2023 with net debt at EUR 55.5Mn (+6.4% vs 2022). Gross debt decreased by 5.8% in the year to EUR 58.8Mn (c. 44.2% is classified as current).

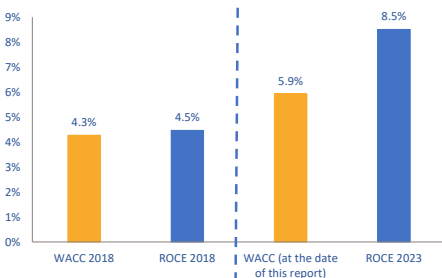
B) Theoretical valuation exercises
Chart 7. LIW vs Peers


Our relative valuation (based on peer multiples) suggests the company is (apparently) trading at a 70.8% discount. Our estimate is based on LIW's 'theoretical' EV/revenue, calculated as the sector's EV/revenue multiple adjusted for the spread in EBIT margin between the company and its peers.

Our 2023 DCF valuation suggests the company is (apparently) trading at a 64.5% discount. Our discounted cash flow valuation takes net EBIT 2023 and forecast growth (g) of 2% and a WACC of 5.9%.

ROCE at 8.5% in 2023 (vs 9.0% in 2022) implies a positive ROCE-WACC spread of 2.5pp, but profitability is still below the sector.

In conclusion: what do the numbers tell us?: Revenue over the last five years has decreased at an average annual rate of 3.9%, to EUR 128.2Mn (vs EUR 156.7Mn in 2018) even though the EBIT margin has widened to 5.2% (+1.6pp vs 2018). Looking strictly at 2023 earnings, we see a company with flat revenue growth (for the last three years; CAGR 2021-23: +0.7%) that is (still) recovering from the pandemic. In terms of profitability, the EBIT margin at the end of 2023 stood at 5.2% (vs 5.9% in 2019). Below EBIT, high finance costs caused LIW to show a net loss. The company's high debt poses a greater risk.

Chart 8. Value generation: ROCE vs WACC


Theoretical valuation exercises (using peer multiples and DCF) suggest potential upside; however, without financial forecasts, we cannot confirm this with certainty. Numbers have LIW trading at EV/revenue and EV/EBIT multiples of 0.6x and 11.0x, respectively (vs 1.0x and 11.4x, respectively, for the sector).

3. The company in 6 charts

Chart 1: Revenues (2018-2023)

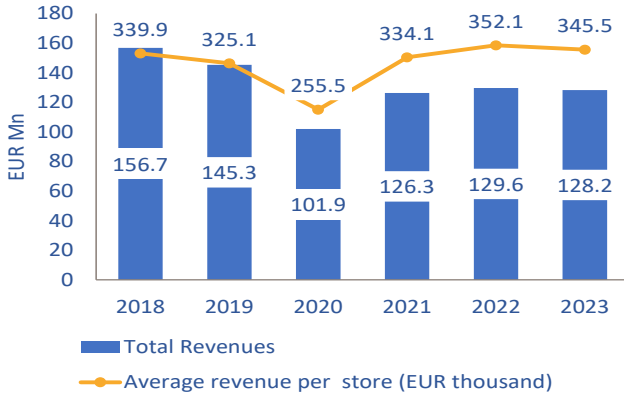


Chart 2: Revenues by Geography (2023)

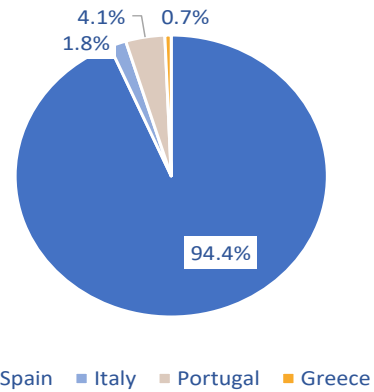


Chart 4: EBIT and Net Profit 2018-2023

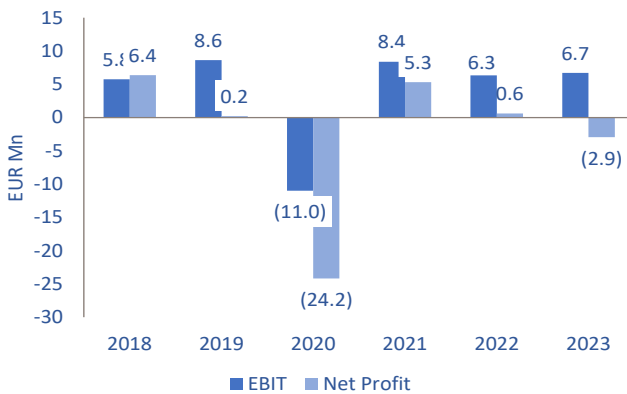


Chart 4: Revenues and EBITDA growth (y/y)

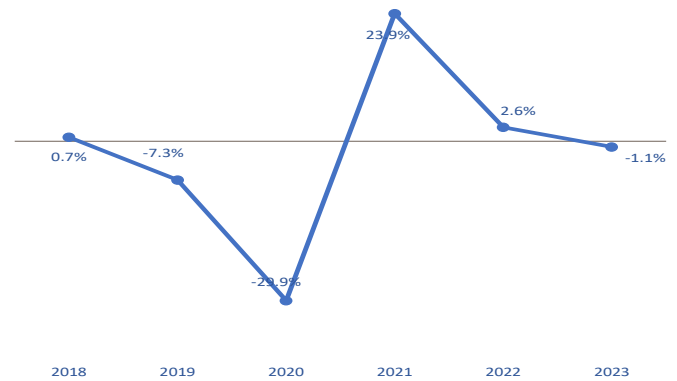


Chart 5: Rec. Free Cash Flow vs (CAPEX + WC) / Sales

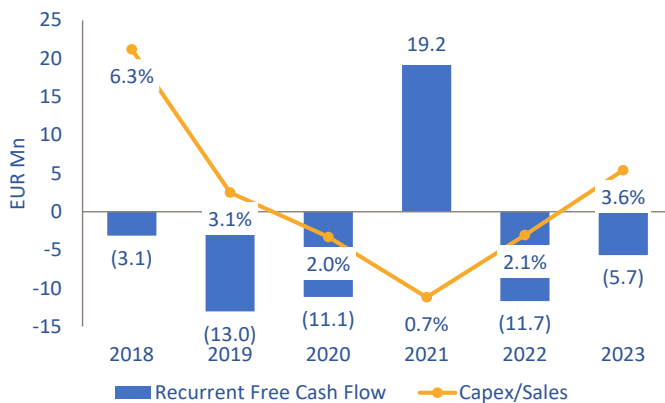
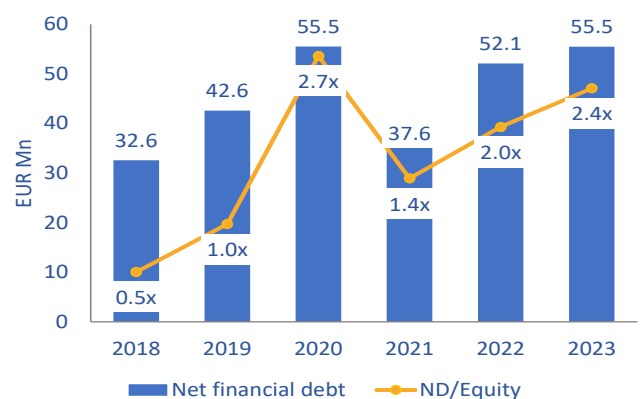
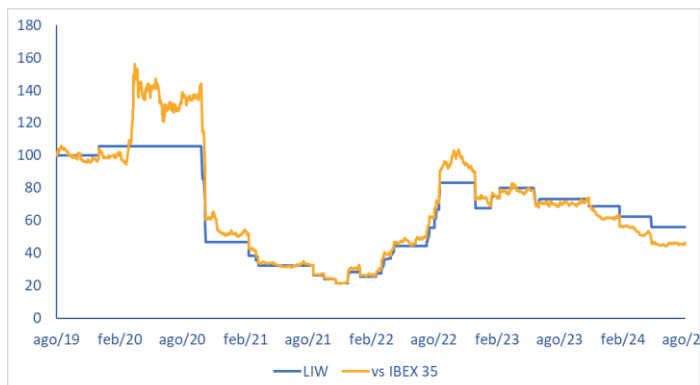
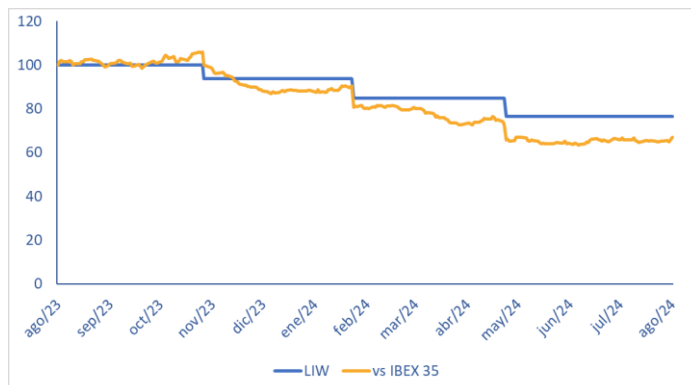
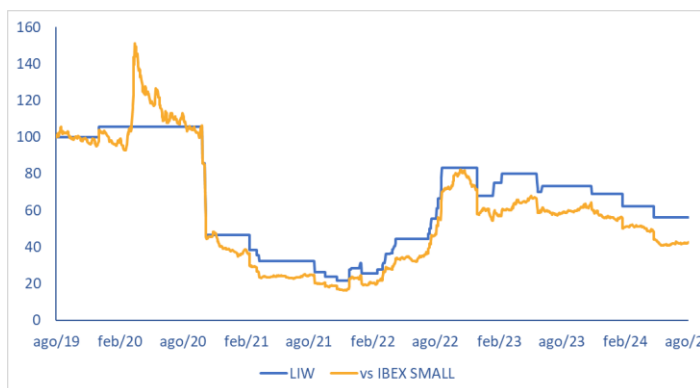
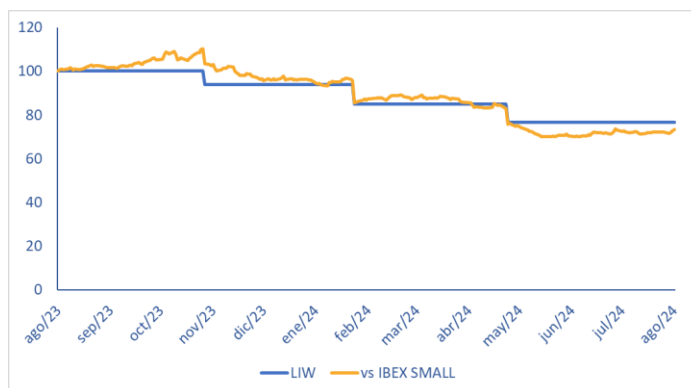
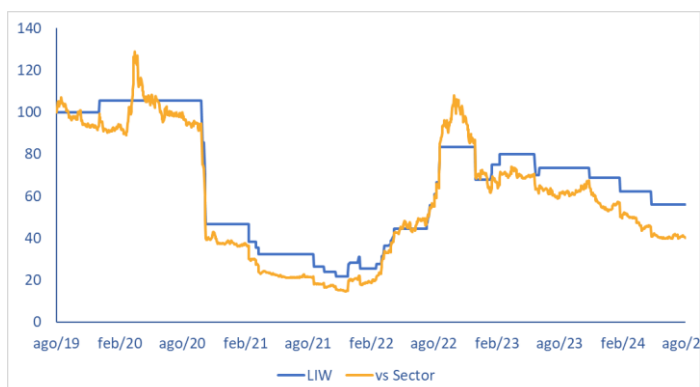
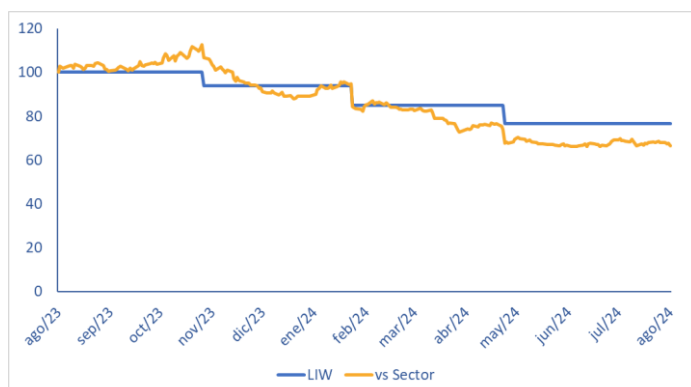


Chart 6: Net Debt vs ND/Equity



Evolution of the share price

Historical behavior vs Ibex 35 (base 100)

Behavior -1y vs Ibex 35 (base 100)

Historical behavior vs Ibex Small Cap (base 100)

Behavior -1y vs Ibex Small Cap (base 100)

Historical behavior vs Sector⁽¹⁾ (base 100)

Behavior -1y vs Sector⁽¹⁾ (base 100)


(1) Sector: Stoxx Europe 600 Retail

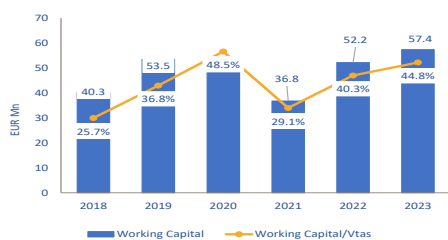
Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-23.5	-18.5	74.1	-43.9
vs Market						
vs Ibex 35	1.9	0.0	-33.0	-24.2	39.2	-53.3
vs Euro STOXX 50	3.4	3.3	-29.2	-22.7	49.4	-58.9
vs Small Cap References						
vs Ibex Small Cap Index	1.3	-2.5	-26.8	-23.6	73.7	-57.2
vs MSCI Europe Micro Cap	-1.2	-3.2	-26.3	-22.4	123.2	-53.5
vs Sector						
vs Stoxx Europe 600 Retail	-3.6	-4.0	-33.4	-25.4	83.3	-60.0

4. Basic financial information

Historical Financial Statements (2018 - 2023)

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023	CAGR	
Intangible Assets	1.2	97.9	72.1	63.8	63.5	72.9		
Fixed Assets	52.7	48.1	41.2	35.4	32.0	30.2		
Other Non Current Assets	5.5	12.0	10.0	9.1	8.9	8.6		
Financial Investments	0.8	1.8	0.7	1.3	3.0	0.6		
Goodwill & Other Intangibles	-	-	-	-	-	-		
Current Assets	55.1	64.4	63.5	45.5	64.1	70.3		
Total assets	115.3	224.3	187.5	155.1	171.4	182.6		
Equity	64.8	43.2	20.7	26.0	26.5	23.6		
Minority Interests	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	3.1	4.4	5.4	2.0	1.5	2.3		
Other Non Current Liabilities	-	123.2	91.9	80.6	79.4	88.4		
Net financial debt	32.6	42.6	55.5	37.6	52.1	55.5		
Current Liabilities	14.8	10.9	14.0	8.8	11.9	12.9		
Equity & Total Liabilities	115.3	224.3	187.5	155.1	171.4	182.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023	CAGR	
Total Revenues	156.7	145.3	101.9	126.3	129.6	128.2	-3.9%	7.9%
<i>Total Revenues growth</i>	<i>0.7%</i>	<i>-7.3%</i>	<i>-29.9%</i>	<i>23.9%</i>	<i>2.6%</i>	<i>-1.1%</i>		
COGS	(53.7)	(47.0)	(44.0)	(53.2)	(52.8)	(47.5)		
Gross Margin	103.0	98.3	57.9	73.1	76.8	80.7	-4.8%	11.7%
<i>Gross Margin (o/Revenues)</i>	<i>65.7%</i>	<i>67.6%</i>	<i>56.8%</i>	<i>57.8%</i>	<i>59.3%</i>	<i>62.9%</i>		
Personnel Expenses	(45.6)	(45.0)	(34.3)	(33.8)	(34.5)	(36.5)		
Other Operating Expenses	(45.0)	(18.7)	(11.8)	(10.6)	(15.3)	(16.2)		
Recurrent EBITDA	12.5	34.6	11.8	28.6	27.0	28.0	17.6%	33.2%
<i>Recurrent EBITDA growth</i>	<i>-43.0%</i>	<i>178.0%</i>	<i>-65.8%</i>	<i>141.5%</i>	<i>-5.7%</i>	<i>3.8%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>8.0%</i>	<i>23.8%</i>	<i>11.6%</i>	<i>22.7%</i>	<i>20.8%</i>	<i>21.8%</i>		
Restructuring Expense & Others	-	-	-	1.1	0.1	(0.2)		
Depreciation & Provisions	12.5	34.6	11.8	29.7	27.1	27.8	17.4%	32.8%
Depreciation & Provisions	(6.7)	(7.0)	(6.5)	(6.1)	(5.8)	(5.8)		
Capitalized Expense	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(19.0)	(16.3)	(15.2)	(14.9)	(15.2)		
EBIT	5.8	8.6	(11.0)	8.4	6.3	6.7	3.1%	n.a.
<i>EBIT growth</i>	<i>-63.7%</i>	<i>49.7%</i>	<i>-227.5%</i>	<i>176.2%</i>	<i>-24.3%</i>	<i>5.9%</i>		
<i>EBIT/Revenues</i>	<i>3.7%</i>	<i>5.9%</i>	<i>n.a.</i>	<i>6.6%</i>	<i>4.9%</i>	<i>5.2%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-		
Net Financial Result	3.1	(9.9)	(12.8)	(2.0)	(5.8)	(9.6)		
Income by the Equity Method	-	-	-	-	-	-		
Ordinary profit	8.9	(1.3)	(23.8)	6.4	0.6	(2.9)	n.a.	-50.4%
<i>Ordinary Profit Growth</i>	<i>-33.8%</i>	<i>-114.6%</i>	<i>n.a.</i>	<i>126.8%</i>	<i>-91.3%</i>	<i>-625.0%</i>		
Extraordinary Results	(0.4)	1.8	-	-	-	-		
Profit Before Tax	8.5	0.5	(23.8)	6.4	0.6	(2.9)	n.a.	-50.4%
Tax Expense	(2.1)	(0.3)	(0.4)	(1.1)	0.0	(0.0)		
<i>Effective Tax Rate</i>	<i>24.5%</i>	<i>57.7%</i>	<i>n.a.</i>	<i>16.8%</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interest	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-		
Net Profit	6.4	0.2	(24.2)	5.3	0.6	(2.9)	n.a.	-50.4%
<i>Net Profit growth</i>	<i>-33.2%</i>	<i>-96.9%</i>	<i>n.a.</i>	<i>121.9%</i>	<i>-88.7%</i>	<i>-590.8%</i>		
Ordinary Net Profit	6.7	(1.3)	(23.8)	4.4	0.4	(2.7)	n.a.	-51.6%
<i>Ordinary Net Profit growth</i>	<i>-34.7%</i>	<i>-119.3%</i>	<i>n.a.</i>	<i>118.5%</i>	<i>-90.4%</i>	<i>-735.4%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023	CAGR	
Recurrent EBITDA	12.5	34.6	11.8	28.6	27.0	28.0	17.6%	33.2%
Rentals (IFRS 16 impact)	-	(19.0)	(16.3)	(15.2)	(14.9)	(15.2)		
Working Capital Increase	(1.6)	(13.3)	4.1	12.7	(15.4)	(5.2)		
Recurrent Operating Cash Flow	10.9	2.4	-0.4	26.1	-3.4	7.6	-6.9%	n.a.
Capex	(9.9)	(4.5)	(2.1)	(0.8)	(2.7)	(4.6)		
Net Financial Result affecting the Cash Flow	(1.1)	(8.9)	(7.2)	(6.2)	(6.3)	(8.0)		
Taxes	(2.9)	(2.1)	(1.5)	0.2	0.7	(0.7)		
Recurrent Free Cash Flow	(3.1)	(13.0)	(11.1)	19.2	(11.7)	(5.7)	12.7%	-20.1%
Variation of indebtedness	2.1	10.0	12.9	(17.9)	14.5	3.4		
Net debt / EBITDA (x)	2.6	1.2	4.7	1.3	1.9	2.0		

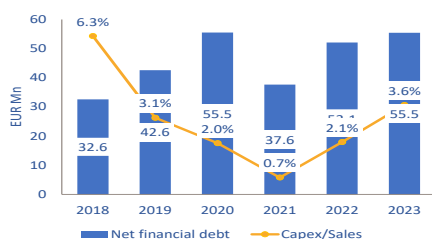
Main Balance Sheet items breakdown

Chart 1: Working Capital

Working Capital breakdown

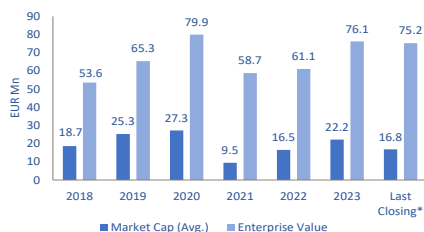
EUR Mn	2018	2019	2020	2021	2022	2023
Stocks	48.8	59.1	57.7	41.7	61.1	67.6
Clients	2.0	1.9	1.5	1.6	1.5	1.7
Suppliers	(4.6)	(3.2)	(5.1)	(3.3)	(5.5)	(4.7)
Trade working capital	46.2	57.7	54.1	40.0	57.1	64.6
Other Current Assets	4.3	3.4	4.3	2.2	1.5	1.0
Other Current liabilities	(10.2)	(7.7)	(8.9)	(5.4)	(6.4)	(8.2)
Working Capital	40.3	53.5	49.5	36.8	52.2	57.4
(Increase)/decre. In Inventories	2.0	(10.3)	1.4	16.0	(19.4)	(6.5)
(Increase)/decre. In Receivables	0.0	0.1	0.4	(0.1)	0.1	(0.3)
Increase/(decre.) In Payables	1.0	(1.4)	1.9	(1.7)	2.2	(0.8)
(Increase)/decre. In other ST assets	(3.6)	0.8	(0.9)	2.1	0.7	0.6
Increases/(decre.) In other ST liabilities	(1.1)	(2.6)	1.3	(3.5)	1.0	1.8
	(1.6)	(13.3)	4.1	12.7	(15.4)	(5.2)

Working Capital o/Sales

% s/Sales	2018	2019	2020	2021	2022	2023
Stocks	31.2%	40.7%	56.6%	33.0%	47.2%	52.7%
Clients	1.3%	1.3%	1.4%	1.3%	1.1%	1.4%
Suppliers	2.9%	2.2%	5.0%	2.6%	4.2%	3.7%
Trade working capital	29.5%	39.7%	53.1%	31.7%	44.1%	50.4%
Other Current Assets	2.7%	2.4%	4.2%	1.8%	1.2%	0.7%
Other Current liabilities	6.5%	5.3%	8.8%	4.3%	4.9%	6.4%
Working Capital	25.7%	36.8%	48.5%	29.1%	40.3%	44.8%

Chart 2: Net Debt vs CAPEX/Sales

Net financial debt and liquidity breakdown

EUR Mn	2018	2019	2020	2021	2022	2023
L/T debt	5.9	14.0	32.7	24.9	16.0	14.2
Corporate debt	0.0	0.0	0.0	0.0	0.0	0.0
S/T debt	24.1	25.6	21.9	17.9	33.5	26.0
Other financial liabilities	7.1	6.1	6.8	5.1	12.9	18.6
Total financial debt	37.2	45.7	61.4	47.9	62.4	58.8
Cash	4.2	3.0	5.8	10.1	10.1	3.2
S/T Investments	0.4	0.1	0.1	0.2	0.1	0.1
Cash and equivalents	4.6	3.1	5.9	10.3	10.3	3.3
Net Debt	32.6	42.6	55.5	37.6	52.1	55.5
ND/EBITDA (x)*	2.6x	1.2x	4.7x	1.3x	1.9x	2.0x
ND/BV (%)	50.3%	98.6%	268.1%	144.7%	196.6%	235.5%
Debt maturities						
< 1 year	24.1	25.6	21.9	17.9	33.5	26.0
>1 year < 5	13.0	20.1	39.5	30.0	28.9	32.8
> 5 year	0.0	0.0	0.0	0.0	0.0	0.0

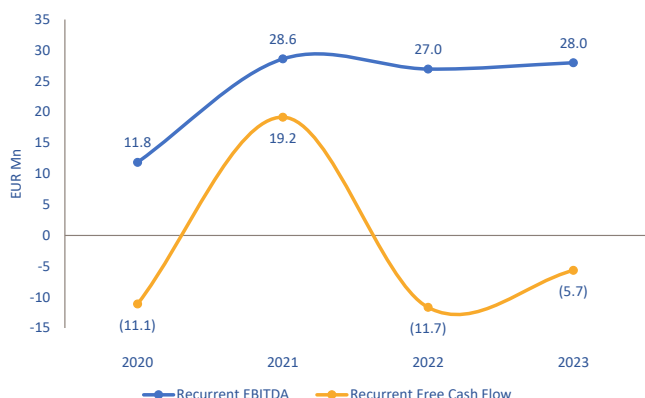
Chart 3: Market Cap. vs EV

Average Enterprise Value (2018-2023)

Enterprise Value	2018	2019	2020	2021	2022	2023	Last Closing*
Price per share (yearly avg.)	11.20	15.17	16.37	5.67	9.91	13.34	10.10
Market Cap (Avg.)	18.7	25.3	27.3	9.5	16.5	22.2	16.8
+ Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Provisions & Other L/T Liabilities	4.3	3.7	4.9	3.7	1.8	1.9	2.3
+ Net financial debt	31.5	37.6	49.1	46.6	44.9	53.8	55.5
- Financial Investments	-0.9	-1.3	-1.3	-1.0	-2.1	-1.8	0.6
+/- Others EV adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	53.6	65.3	79.9	58.7	61.1	76.1	75.2

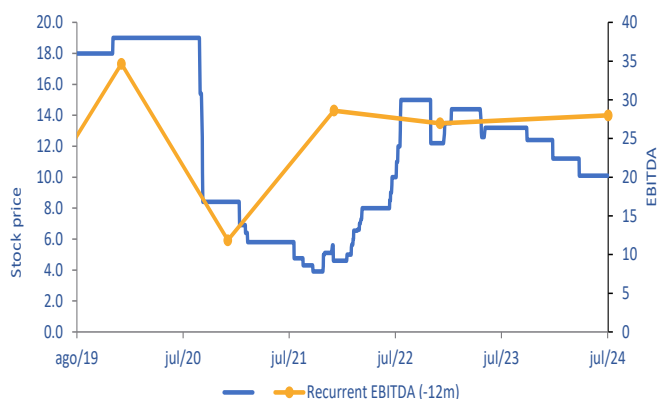
* Current fiscal year according to the latest available data. Price per share and mkt. cap. at the date of this report.

Recurrent Free Cash Flow analysis

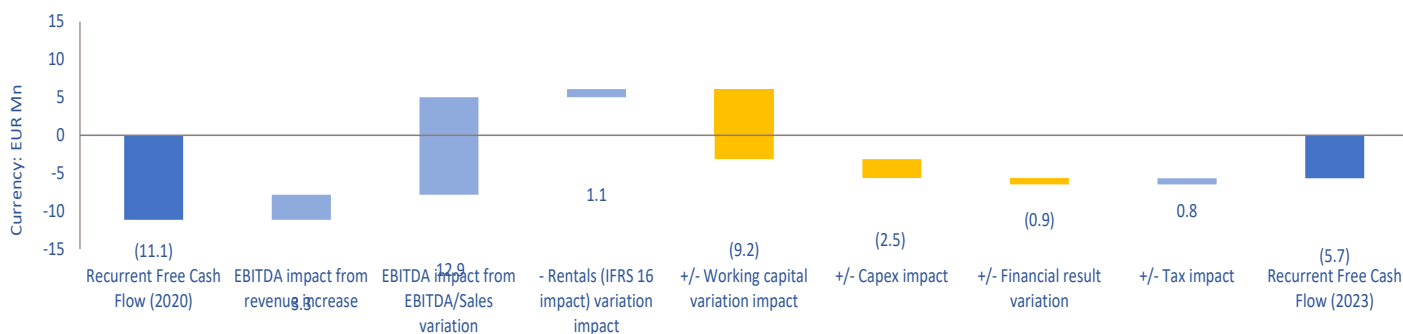
Evolución del EBITDA recurrente vs Free Cash Flow recurrente



Comportamiento del precio de la acción vs EBITDA (-12m)

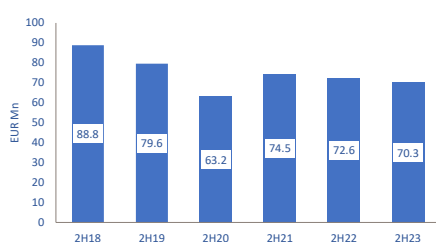


Análisis de la variación acumulada del Free Cash Flow Recurrente (2020 - 2023)



Seasonality and trends

Chart 4: Half-year: Revenues



Half year P&L: Seasonality

Half year P&L (EUR Mn)	1H19	2H19	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23
Total Revenues	65.7	79.6	38.7	63.2	51.7	74.5	57.0	72.6	57.9	70.3
Revenues growth (YoY)	n.a.	-10.4%	-41.1%	-20.6%	33.6%	17.9%	10.1%	-2.6%	1.5%	-3.1%
Recurrent EBITDA	17.5	17.1	-0.6	12.5	8.6	20.0	13.6	13.3	14.4	13.5
Rec. EBITDA growth (YoY)	n.a.	112.7%	-103.5%	-27.3%	n.a.	60.6%	58.8%	-33.4%	5.9%	1.6%
Rec. EBITDA/Revenues	26.7%	21.5%	n.a.	19.7%	16.6%	26.8%	23.9%	18.4%	25.0%	19.3%
EBITDA	17.5	17.1	-0.6	12.5	8.6	21.1	13.6	13.5	14.4	13.3
EBITDA growth (YoY)	n.a.	112.7%	-103.5%	-27.3%	n.a.	69.4%	58.8%	-36.3%	5.9%	-1.0%
EBIT	4.0	4.6	-12.7	1.7	-1.6	10.0	3.2	3.2	4.2	2.5
EBIT/Revenues	n.a.	4.9%	-415.1%	-63.3%	87.1%	492.7%	293.7%	-68.2%	33.6%	-21.7%
EBIT/Revenues (p.p.)	6.1%	5.8%	n.a.	2.7%	n.a.	13.4%	5.5%	4.4%	7.3%	3.5%
Net Profit	1.4	-1.2	-12.7	-11.5	-1.1	6.4	1.2	-0.6	2.3	-5.3
Net profit growth	n.a.	-126.5%	n.a.	-851.0%	91.2%	155.9%	204.5%	-108.9%	98.1%	-824.1%

Trend analysis

YoY Change	2018	2019	2020	2021	2022	2023	2H22	2H23
Total Revenues	0.7%	-7.3%	-29.9%	23.9%	2.6%	-1.1%	-2.6%	-3.1%
Gross Margin	-2.5%	-4.6%	-41.1%	26.2%	5.1%	5.0%		
Recurrent EBITDA	-43.0%	178.0%	-65.8%	141.5%	-5.7%	3.8%	-33.4%	1.6%
Rec. EBITDA/Revenues (p.p.)	(6.1)	15.9	(12.2)	11.0	(1.8)	1.0	(8.5)	0.9
EBIT	-63.7%	49.7%	-227.5%	176.2%	-24.3%	5.9%	-68.2%	-21.7%
EBIT/Revenues (p.p.)	(6.5)	2.3	n.a.	n.a.	(1.7)	0.3	(9.0)	(0.8)
Net Profit	-33.2%	-96.9%	n.a.	121.9%	-88.7%	-590.8%	-108.9%	-824.1%
Net financial debt	6.8%	30.8%	30.3%	-32.2%	38.4%	6.4%		

5. "All the numbers"

	2018	2019	2020	2021	2022	2023	CAGR	
							18-23	20-23
MARKET DATA								
Price per share	11.00	19.00	8.40	4.60	12.20	12.40		
Market capitalisation (EUR Mn)	18.3	31.7	14.0	7.7	20.3	20.7		
Avg. Daily Traded Volume (EUR Mn)	0.00	0.00	0.00	0.00	0.00	0.00		
Performance								
Absolute	-1.7%	72.7%	-55.8%	-45.2%	165.2%	1.6%	2.4%	13.9%
vs Ixex 35	15.6%	54.5%	-47.7%	-49.3%	180.8%	-17.2%		
vs Sector benchmark	10.6%	29.3%	-59.6%	-51.3%	293.4%	-24.4%		
PER SHARE DATA								
Adj. nº shares (Mn)	1.67	1.67	1.67	1.67	1.65	1.65	-0.2%	-0.4%
EPS (EUR)	3.83	0.12	-14.51	3.18	0.36	-1.79	n.a.	-50.2%
BVPS (reported)	38.90	25.92	12.43	15.61	16.10	14.30	-18.1%	4.8%
Rec. FCF per share	-1.87	-7.81	-6.68	11.50	-7.10	-3.45	13.0%	-19.8%
DPS (EUR)	1.50	0.00	0.00	0.00	0.00	0.00	-100.0%	n.a.
% pay-out	39.2%	0.0%	0.0%	0.0%	0.0%	0.0%		
ENTERPRISE VALUE (EUR Mn)								
Market capitalisation (EUR Mn)	18.3	31.7	14.0	7.7	20.3	20.7	2.4%	13.9%
+ Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0		
+ Provisions & Other L/T Liabilities	3.1	4.4	5.4	2.0	1.5	2.3		
+ Net financial debt	32.6	42.6	55.5	37.6	52.1	55.5		
- Financial Investments	-0.8	-1.8	-0.7	-1.3	-3.0	-0.6		
(=) Enterprise value (year-end)	53.2	76.9	74.1	46.1	71.0	77.8	7.9%	1.6%
KEY FINANCIAL METRICS								
Year-on-year growth								
Total Revenues	0.7%	-7.3%	-29.9%	23.9%	2.6%	-1.1%		
Recurrent EBITDA	-43.0%	178.0%	-65.8%	141.5%	-5.7%	3.8%		
EBIT	-63.7%	49.7%	-227.5%	176.2%	-24.3%	5.9%		
Profit Before Tax	-32.3%	-94.5%	n.a.	126.8%	-91.3%	-625.0%		
Net Profit	-33.2%	-96.9%	n.a.	121.9%	-88.7%	-590.8%		
EPS (EUR)	-33.2%	-96.9%	n.a.	121.9%	-88.5%	-590.9%		
Margins (on revenue)								
Recurrent EBITDA	8.0%	23.8%	11.6%	22.7%	20.8%	21.8%		
Gross margin	65.7%	67.6%	56.8%	57.8%	59.3%	62.9%		
EBIT	3.7%	5.9%	n.a.	6.6%	4.9%	5.2%		
Profit Before Tax	5.4%	0.3%	n.a.	5.1%	0.4%	n.a.		
Net Profit	4.1%	0.1%	n.a.	4.2%	0.5%	n.a.		
Ordinary Net Profit	4.3%	n.a.	n.a.	3.5%	0.3%	n.a.		
Other key financial metrics								
Income tax rate (>0 if income)	24.5%	57.7%	n.a.	16.8%	n.a.	n.a.		
Capex/Sales	6.3%	3.1%	2.0%	0.7%	2.1%	3.6%		
Working capital/Sales	25.7%	36.8%	48.5%	29.1%	40.3%	44.8%		
Capital Employed/Sales	63.6%	60.8%	79.3%	51.0%	59.6%	63.0%		
Net debt/EBITDA	2.6x	1.2x	4.7x	1.3x	1.9x	2.0x		
Net debt/Equity	50.3%	98.6%	268.1%	144.7%	196.6%	235.5%		
Assets (excash)/Equity	1.8x	5.2x	9.1x	6.0x	6.5x	7.8x		
ROE	10.2%	0.4%	n.a.	22.7%	2.3%	n.a.		
ROCE	4.5%	9.2%	n.a.	9.6%	9.0%	8.5%		
WACC (Medio)	4.3%	4.5%	4.9%	3.4%	4.1%	6.3%		
BALANCE SHEET (EUR Mn)								
Fixed assets & Intangible	53.9	146.1	113.3	99.1	95.5	103.1		
Working capital	40.3	53.5	49.5	36.8	52.2	57.4		
Total assets (ex-cash)	115.3	224.3	187.5	155.1	171.4	182.6		
Equity	64.8	43.2	20.7	26.0	26.5	23.6		
Net debt / (cash)	32.6	42.6	55.5	37.6	52.1	55.5		
Capital Employed	99.7	88.4	80.9	64.4	77.2	80.7		
PROFIT & LOSS (EUR Mn)								
Total Revenues	156.7	145.3	101.9	126.3	129.6	128.2	-3.9%	7.9%
Recurrent EBITDA	12.5	34.6	11.8	28.6	27.0	28.0	17.6%	33.2%
Depreciation & Provisions	-6.7	-7.0	-6.5	-6.1	-5.8	-5.8		
EBIT	5.8	8.6	-11.0	8.4	6.3	6.7	3.1%	n.a.
Net Financial Result	3.1	-9.9	-12.8	-2.0	-5.8	-9.6		
Profit Before Tax	8.5	0.5	-23.8	6.4	0.6	-2.9	n.a.	-50.4%
Income tax rate (>0 if income)	-2.1	-0.3	-0.4	-1.1	0.0	0.0		
Minorities and discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0		
Net Profit	6.4	0.2	-24.2	5.3	0.6	-2.9	n.a.	-50.4%
Ordinary Net Profit	6.7	-1.3	-23.8	4.4	0.4	-2.7	n.a.	-51.6%
CASH-FLOW (EUR Mn)								
Recurrent EBITDA	12.5	34.6	11.8	28.6	27.0	28.0		
Rentals (IFRS 16 impact)	0.0	-19.0	-16.3	-15.2	-14.9	-15.2		
Working Capital Increase	-1.6	-13.3	4.1	12.7	-15.4	-5.2		
Capex	-9.9	-4.5	-2.1	-0.8	-2.7	-4.6		
Taxes	-2.1	-0.3	-0.4	-1.1	0.0	0.0		
Net Financial Result affecting the Cash Flow	3.1	-9.9	-12.8	-2.0	-5.8	-9.6		
Rec. Free Cash Flow to Equity (FCFE)	-3.1	-13.0	-11.1	19.2	-11.7	-5.7	12.7%	-20.1%
Rec. Free Cash Flow to the Firm (FCFF)	-0.5	-2.1	-2.5	23.8	-6.1	3.0	n.a.	n.a.
PROFIT & LOSS (EUR Mn)								
Equity multiples								
P/E	2.9x	n.a.	n.a.	1.4x	33.9x	n.a.		
Ord. P/E	2.7x	n.a.	n.a.	1.7x	48.0x	n.a.		
P/BV	0.3x	0.7x	0.7x	0.3x	0.8x	0.9x		
FCFE yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Dividend Yield (%)	13.6%	0.0%	0.0%	0.0%	0.0%	0.0%		
Enterprise Value multiples								
EV/Sales	0.3x	0.5x	0.7x	0.4x	0.5x	0.6x		
EV/EBITDA	4.3x	2.2x	6.3x	1.6x	2.6x	2.8x		
EV/EBIT	9.2x	8.9x	n.a.	5.5x	11.2x	11.6x		
EV/CE	0.5x	0.9x	0.9x	0.7x	0.9x	1.0x		
FCFF yield (to EV)	-0.9%	-2.7%	-3.4%	51.7%	-8.5%	3.9%		

Note: All the multiples and ratios are calculated from trading prices at the close of each year.

6. Valuation inputs

Main peers in detail: ratios and multiples (2024e)

Multiples: Sector Apparel & Accesories retail

	EUR Mn	JD Sports	LPP S.A.	OVS SpA	N Brown	Average	LIW (2023)
		Fashion Plc			Group plc		
Market data	Ticker (Factset)	JD-GB	LPP-PL	OVS-IT	BWNG-GB		LIW-ES
	Country	UK	Poland	Italy	UK		Spain
	Market cap	8,137.3	6,372.8	753.5	129.1		16.8
	Enterprise value (EV)	10,318.1	7,142.2	1,831.8	415.9		74.0
Basic financial information	Total Revenues	13,252.7	4,868.0	1,606.6	712.4		128.2
	Total Revenues growth	6.1%	20.1%	4.7%	0.0%	7.7%	-1.1%
	2y CAGR (2024e - 2026e)	9.8%	19.9%	3.3%	n.a.	11.0%	-97.5%
	EBITDA	2,108.2	951.3	225.8	57.3		27.8
	EBITDA growth	16.9%	11.6%	-15.9%	1.5%	3.5%	2.5%
	2y CAGR (2024e - 2026e)	11.4%	17.0%	-2.8%	n.a.	8.5%	-89.1%
	EBITDA/Revenues	15.9%	19.5%	14.1%	8.0%	14.4%	21.7%
	EBIT	1,237.8	640.4	132.4	n.a.		6.7
	EBIT growth	21.9%	20.6%	219.8%	n.a.	87.4%	5.9%
	2y CAGR (2024e - 2026e)	12.4%	17.4%	3.7%	n.a.	11.2%	n.a.
	EBIT/Revenues	9.3%	13.2%	8.2%	n.a.	10.2%	5.2%
	Net Profit	805.6	463.9	64.4	n.a.		(2.9)
	Net Profit growth	26.1%	24.0%	23.2%	n.a.	24.4%	-590.8%
	2y CAGR (2024e - 2026e)	13.7%	18.0%	8.9%	n.a.	13.5%	58.6%
CAPEX/Sales %	5.6%	7.6%	5.4%	n.a.	6.2%	3.6%	
Multiples and Ratios	Free Cash Flow	606.9	445.1	46.4	n.a.		(5.7)
	Net financial debt	1,866.4	577.0	476.6	276.2		55.5
	ND/EBITDA (x)	0.9	0.6	2.1	4.8	2.1	2.0
	Pay-out	7.6%	58.8%	38.1%	n.a.	34.8%	0.0%
	P/E (x)	10.2	13.9	9.2	12.4	11.4	n.a.
	P/BV (x)	2.2	4.8	0.6	n.a.	2.6	0.7
	EV/Revenues (x)	0.8	1.5	1.1	0.6	1.0	0.6
	EV/EBITDA (x)	4.9	7.5	8.1	7.3	6.9	2.6
	EV/EBIT (x)	8.3	11.2	13.8	n.a.	11.1	11.0
	ROE	21.9	34.8	6.7	n.a.	21.1	n.a.
FCF Yield (%)	7.5	7.0	6.2	n.a.	6.9	n.a.	
DPS	0.0	147.0	0.1	0.0	36.8	0.0	
Dvd Yield	0.8%	4.3%	3.5%	0.0%	2.1%	0.0%	

Multiples: Sector Apparel & Accesories retail (Backward-looking)

EUR Mn	Ticker (Factset)	Market cap	P/E ord. 2023	EPS 23-25e CAGR	P/B 2023	ROE 2023	EV/EBITDA 2023	EBITDA 23-25e CAGR	EV/sales 2023	Sales 23-25e CAGR	2023 EBIT margin	FCFE yield 2023	FCFE 23-25e CAGR
JD Sports Fashion Plc	JD-GB	8,137	10.8x	14.9%	3.1x	24.6%	6.7x	14.2%	1.0x	8.1%	8.1%	7.9%	-5%
LPP S.A.	LPP-PL	6,373	18.0x	20.9%	6.8x	36.9%	6.7x	14.6%	1.4x	20.4%	13.1%	10.1%	-13%
OVS SpA	OVS-IT	751	11.4x	31.1%	0.7x	5.8%	6.8x	-4.5%	1.2x	4.2%	2.7%	33.2%	-38%
Apranga APB	APG1L-LT	152	8.8x	n.a.	2.5x	26.6%	3.6x	n.a.	0.6x	n.a.	8.5%	13.8%	n.a.
BasicNet S.p.A.	BAN-IT	150	9.3x	n.a.	1.5x	15.5%	n.a.	n.a.	1.2x	n.a.	n.a.	17.3%	n.a.
N Brown Group plc	BWNG-GB	128	n.a.	11.3%	0.2x	0.2%	8.6x	4.3%	0.7x	0.6%	4.5%	102.7%	n.a.
Average			11.6x	19.6%	2.5x	18.3%	6.5x	7.2%	1.0x	8.3%	7.4%	30.8%	-18.3%
Median			10.8x	17.9%	2.0x	20.1%	6.7x	9.3%	1.1x	6.2%	8.1%	15.5%	-12.8%
Liwe Espanola, S.A.	LIW-ES	16.8	n.a.	n.a.	0.9x	n.a.	2.8x	n.a.	0.6x	n.a.	5.2%	3.9%	n.a.

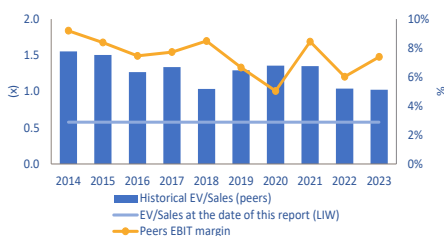
Note: Historical multiples (backward-looking) calculated from trading prices at the year close. Mkt. cap at the date of this report.

Multiples: Sector Apparel & Accesories retail (Forward-Looking)

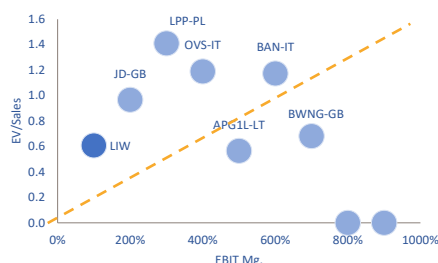
EUR Mn	Ticker (Factset)	Market cap	P/E ord. 2024e	EPS 24e-26e CAGR	P/B 2024e	ROE 2024e	EV/EBITDA 2024e	EBITDA 24e-26e CAGR	EV/sales 2024e	Sales 24e-26e CAGR	2024e EBIT margin	FCFE yield 2024e	FCFE 24e-26e CAGR
JD Sports Fashion Plc	JD-GB	8,137	10.2x	13.7%	2.2x	21.9%	4.9x	11.4%	0.8x	9.8%	9.3%	7.5%	27%
LPP S.A.	LPP-PL	6,373	13.9x	18.1%	4.8x	34.8%	7.5x	17.0%	1.5x	19.9%	13.2%	7.0%	23%
OVS SpA	OVS-IT	751	9.2x	5.9%	0.6x	6.7%	8.1x	-2.8%	1.1x	3.3%	8.2%	6.2%	39%
Apranga APB	APG1L-LT	152	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
BasicNet S.p.A.	BAN-IT	150	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
N Brown Group plc	BWNG-GB	128	12.4x	n.a.	n.a.	n.a.	7.3x	n.a.	0.6x	n.a.	n.a.	n.a.	n.a.
Average			11.4x	12.6%	2.6x	21.1%	6.9x	8.5%	1.0x	11.0%	10.2%	6.9%	29.6%
Median			11.3x	13.7%	2.2x	21.9%	7.4x	11.4%	1.0x	9.8%	9.3%	7.0%	27.1%

Note: Current year multiples (Forward-looking) calculated using prices as of the date of this report. Market Cap. as of the date of this report.

"Theoretical" valuation exercises with multiples

Chart 1: EV/Sales valuation inputs

"Theoretical" valuation exercise based on EV/Sales (2023) (*)

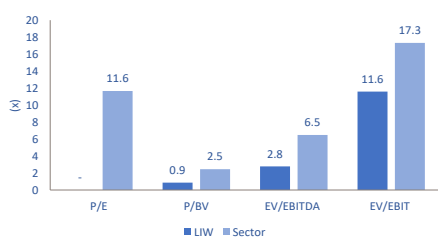
Valuation inputs	2023		
Sector EBIT Mg.	7.4%	Theoretical EV/Sales	0.91
Company EBIT Margin	5.2%	* 2023 Sales	128.2
Adjustment factor	0.71	= Company EV Valuation	116.1
Sector EV/Sales (-10y avg.)	1.28	- Minority Interests	-
* Adjustment Factor	0.71	- Provisions & Other L/T Liabilities	2.3
Company Theoretical EV/Sales	0.91	- Net financial debt	55.5
vs 2023 Company EV/Sales	0.58	+ Financial Investments	(0.6)
Premium / (Discount) o/		+/- Others EV adjustments	-
EV/Sales	-36.3%	= Equity valuation (**)	57.7
		vs Mkt Cap at the date of this report	16.8
		Premium / (Discount)	-70.8%

Chart 2: LIW vs Peers (2023)

Sensitivity analysis: Theoretical EV/Sales to changes in EBIT Mg. and premium (discount) o/sector EV/Sales (*)

		A) Theoretical EV/Sales					B) Premium / (Discount)				
		Mg. EBIT					Mg. EBIT				
		4.2%	5.2%	6.2%			4.2%	5.2%	6.2%		
EV/Sales	Premium	-10%	0.66	0.81	0.97	EV/Sales	Premium	-10%	-35.7%	-63.5%	-74.5%
		0%	0.73	0.91	1.08			0%	-52.7%	-70.8%	-78.9%
		10%	0.81	1.00	1.19			10%	-62.6%	-75.7%	-82.0%

(*) The sector's EV/sales ratio has been adjusted by the margin spread between the company and its sector. A 10% premium (discount) has been applied in the sensitivity analysis in order to reflect the impact on the multiple (and on the relative valuation) of using a higher or lower multiple than that of the sector depending on the company's growth rate vs the sector and the possible evolution of its margin (vs that of the sector). This valuation exercise has the sole use (and goal) of serving as a "value indicator". It does not represent a valuation per se.

(**) The adjustments made to the company's theoretical EV (minority interests, provisions, ND, etc.) correspond to the figures reported in 2H23.

Chart 3: Historical Valuation multiples (2023)

Other ratios and valuation multiples (2023)

	Equity multiples		Enterprise Value multiples		Free Cash Flow Yield
	P/E	P/BV	EV/EBITDA	EV/EBIT	FCF to Equity
LIW	n.a.	0.9	2.8	11.6	n.a.
Sector	11.6	2.5	6.5	17.3	30.8%
Premium / Discount	n.a.	-64.3%	-57.1%	-33.1%	n.a.

(*) Historical multiples for the company and its sector are calculated from year end prices.

"Theoretical" valuation exercises with DCF

WACC (at the date of this report)

			Best Case	Worst Case
Net financial debt	55.5	Debt net of Cash (2H23)		
Cost of Debt	6.0%	Net debt cost	5.0%	7.0%
Effective tax rate	20.0%	T (Normalised tax rate)	=	=
Cost of Net Debt	4.8%	Kd = Cost of Net Debt * (1-T)	4.0%	5.6%
Risk free rate	3.1%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	6.0%	R (own estimate)	8.0%	9.0%
Beta	1.1	B (own estimate)	1.0	1.2
Cost of Equity	9.7%	Ke = Rf + (R*B)	11.1%	13.9%
Equity / (Equity + Net Debt)	23.3%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	76.7%	D	=	=
WACC	5.9%	WACC = Kd*D + Ke*E	5.6%	7.5%

Assumptions (2023)

EBIT 2023	6.7
Normalised tax rate (T)	20.0%
Long term growth rate (G)	2.0%
ROCE 2023	8.5%
WACC (at the date of this report) (*)	5.9%
Adjustment factor o/net EBIT	= 1 - (G / ROCE)
Adjustment factor applied	76.5%

"Theoretical" absolute valuation based on net EBIT2023) (*)

Theoretical value based on 2023 Net EBIT = EBIT (1-t)*Adjustment factor / (WACC - G)

Theoretical Enterprise Value (At the date of this report)

- Net financial debt	55.5
- Minority Interests	0.0
- Provisions & Other L/T Liabilities	2.3
+/- Others EV adjustments	0.0
+ Financial Investments	0.6
= Equity valuation	47.4
vs Mkt Cap at the date of this report	16.8
Premium / (Discount)	-64.5%

(*) Given the lack of financial projections for the future performance of the business, the valuation exercise described above relates the company's "theoretical value" to the main value generation drivers of any business: (i) the l/t growth rate (G), (ii) the return on capital employed (ROCE) and (iii) the cost of capital (WACC). The main drawback of this model is that it assumes both the ROCE and the growth rate (G) remain constant over the long term, so it does not represent a true valuation of the company. This valuation exercise has the sole use (and goal) of serving as a "value indicator" but does not represent a valuation per se.

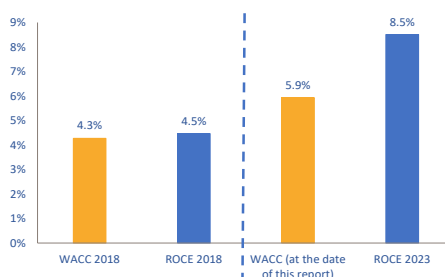
Sector historical multiples vs Company Implied multiples (o/Theoretical EV and Mkt. Cap.

Valuation multiples	Sector	LIW	Premium / Discount
EV/Sales	1.0	0.8	-20.5%
EV/EBITDA	6.5	3.7	-42.4%
EV/EBIT	17.3	15.6	-10.2%
P/BV	2.5	2.0	-18.1%
Ord. P/E	11.6	n.a.	n.a.

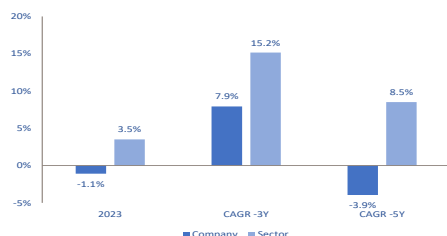
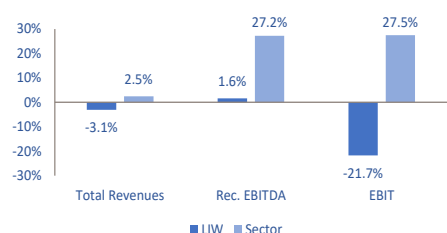
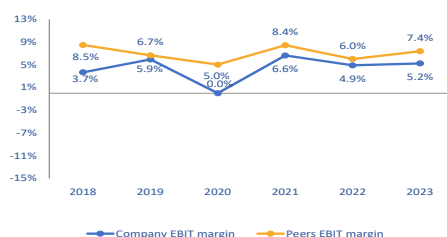
Sensitivity analysis

A) "Theoretical" Equity valuation (EUR Mn)				B) Premium / (Discount)			
ROCE	Long term growth rate (G)			ROCE	Long term growth rate (G)		
	1.5%	2.0%	2.5%		1.5%	2.0%	2.5%
7.5%	34,4	36,8	39,9	7.5%	-36,0%	-40,3%	-44,9%
8.5%	36,6	40,1	44,5	8.5%	-39,9%	-45,2%	-50,6%
9.5%	38,4	42,7	48,3	9.5%	-42,6%	-48,5%	-54,4%

Value creation: ROCE vs Cost of Capital (WACC)



Growth and momentum: to measure the company's historical growth vs sector. And (2H23) business momentum

Chart 4: Growth spread (Revenues)

Chart 5: Momentum indicators (growth)2H23 vs 2H22)

Chart 6: EBIT. Mg. Vs sector

Growth spread vs sector

	Total Revenues			EBITDA			EBIT		
	2023	CAGR -3Y	CAGR -5Y	2023	CAGR -3Y	CAGR -5Y	2023	CAGR -3Y	CAGR -5Y
Company	-1.1%	7.9%	-3.9%	3.8%	33.2%	17.6%	5.9%	n.a.	3.1%
Sector	3.5%	15.2%	8.5%	12.5%	8.7%	14.3%	19.3%	36.6%	7.5%
Spread (p.p.)	(4.6)	(7.2)	(12.5)	(8.7)	24.5	3.3	(13.5)	n.a.	(4.3)

Key Momentum indicators

	LIW		Dif. (p.p.)	Sector Avg		Dif. (p.p.)	Sector CAGR 2023-2025
	2H23	2023		2H23	2023		
Total Revenues	-3.1%	-1.1%	(2.0)	2.5%	3.5%	(1.0)	8.3%
Rec. EBITDA	1.6%	3.8%	(2.2)	27.2%	12.5%	14.7	7.2%
EBITDA/Revenues	19.3%	21.8%	(2.6)	12.7%	15.3%	(2.6)	-0.7p.p.
EBIT	-21.7%	5.9%	(27.6)	27.5%	19.3%	8.1	41.1%
EBIT/Rev.	3.5%	5.2%	(1.7)	7.4%	7.4%	(0.0)	3.0p.p.

Historical growth vs momentum indicators

Company vs Sector Spread (p.p.)	Var. -5Yr	Var. -3Yr	2023	2H23
Total Revenues	(12.5)	(7.2)	(4.6)	(5.6)
Rec. EBITDA	3.3	24.5	(8.7)	(25.5)
EBITDA/Revenues	8.6	9.7	6.5	6.6
EBIT	(4.3)	n.a.	(13.5)	(49.2)
EBIT/Rev.	2.7	n.a.	(2.1)	(3.8)

(*) For ease of interpretation of the different valuation exercises performed within this report, the company's historical growth differential vs the sector is included together with the evolution of this (-5y, -3y, last financial year and current trading).

Main Corporate Governance indicators

KPIs	2021	2022	2023
% of independent directors	37.5%	37.5%	37.5%
% of proprietary directors	62.5%	62.5%	62.5%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	12.5%	12.5%	12.5%
% of women out of total workforce	86.5%	86.3%	85.7%
Board remuneration/staff cost	1.5%	1.5%	1.5%

LIGHTHOUSE

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Recommendation History

02-Aug-2024	n.a.	10.10	n.a.	n.a.	Analysis of Historical Financial Statements	José Miguel Cabrera van Grieken
22-Jun-2023	n.a.	13.20	n.a.	n.a.	Analysis of Historical Financial Statements	David López Sánchez
30-Dec-2021	n.a.	5.60	n.a.	n.a.	Analysis of Historical Financial Statements	David López Sánchez
06-Nov-2020	n.a.	8.40	n.a.	n.a.	Analysis of Historical Financial Statements	David López Sánchez
07-Nov-2019	n.a.	18.00	n.a.	n.a.	Analysis of Historical Financial Statements	David López Sánchez

