

**Important news**

 Opinion <sup>(1)</sup>: Positive

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

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**Pangaea Oncology (PANG)** is a small Spanish biotech company (Zaragoza), specialising in differentiated cancer diagnosis and treatment and corporate services (molecular diagnostics and biomarker discovery for the pharmaceutical industry). It is run by a prestigious medical team that includes its founders (c.13% of capital). The Villagrà family (Villagrà) and GPI (Mayoral) are reference shareholders.

## PANG remains committed to growth through M&A. EBITDA 2024e ("finally") > break-even?

### PANG ANNOUNCES ACQUISITION OF 75% OF PECTUS RESPIRATORY HEALTH...

PANG is acquiring 75% of the share capital of Pectus, which engages in clinical trial activities, from Giromed Institute. The deal will be effective as soon as the non-monetary contribution of Pectus is completed (i.e. the first week of September, so it will contribute 4 months of activity in 2023e).

**...STRENGTHENING ITS PULMONOLOGY AREA.** After the agreement entered into to run the pulmonology area of Hospital Universitario General de Cataluña (HUGC) disclosed in an Other Relevant Information notice in May 2023 (estimated revenue of EUR 0.8Mn; 50% in 2023e: [see note](#)), the Pectus acquisition aims to extract synergies from the pulmonology area by bringing on board Dr Juan Roldán (an acclaimed pulmonologist; with a minimum contract period of 7 years and 6 months), who specialises in clinical trials.

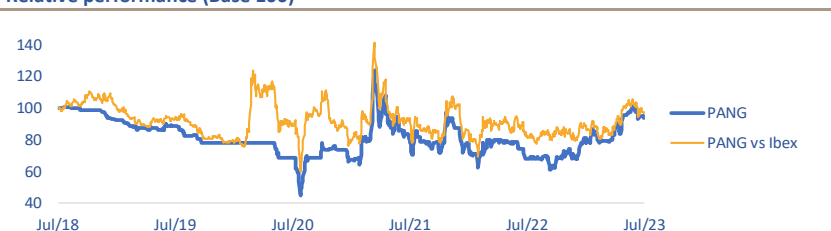
**WE ARE UPGRADING OUR ESTIMATES.** We think PANG made another good move (its 2nd of 2023e). Pectus should contribute around EUR 0.4Mn of revenue in 2023e (EUR 1.1Mn pro forma) and EBITDA of EUR 0.1Mn (EUR 0.45Mn pro forma; EBITDA margin of 40%). We are raising (again) our estimates for 2023e and beyond. Our baseline scenario as it stands now calls for revenue in 2023e of EUR 10.8Mn and EBITDA 2023e of EUR -1.1Mn (+3.5% and +11.0% vs our previous estimate).

**PAYMENT FOR THE STAKE WILL ENTAIL A COMBINATION OF SHARES (WITHOUT THE NEED TO ISSUE NEW SHARES) AND AN EARN-OUT TO 2024E.** The transaction price was not disclosed, but we estimate PANG will pay around EUR 1.3 Mn for the 75% stake (EV/sales of 1.6x; above QTI's 1.1x acquisition multiple due to Pectus' 25p.p. wider EBITDA margin than QTI's). Payment will entail a combination of i) delivery of own shares (EUR 0.5Mn), ii) cash and iii) earn-out (payable between July 2023 and June 2024). The acquisition will push up ND 2023e to EUR 1.3Mn (with ND/equity 2023e still low, at 0.1x).

### PANG IS SPEEDING UP ITS STRATEGIC TURNAROUND TO BOOST ITS PROFITABILITY.

The acquisition of Pectus (EBITDA margin of 40%) showcases PANG's equity story (i.e. capitalise, not only grow, from M&A). The impact of corporate deals will not be fully visible until 2024e (2024e revenue of EUR 16.2Mn vs EUR 4.4Mn in 2022; EBITDA 2024e above break-even). In the wake of the share price performance YTD (+24.4%), these numbers put the stock trading at an EV/sales 23e multiple of 5.7x (still above comps). The equity story hinges on the ability to grow by leveraging the current structure and improving margins quickly.

### Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.7	8.5	39.7	24.4	38.9	-4.9
vs Ibxex 35	-4.9	9.0	20.1	8.3	9.4	-2.2
vs Ibxex Small Cap Index	-8.5	5.7	32.6	8.4	6.9	-13.3
vs Eurostoxx 50	-4.7	9.3	14.9	8.2	7.2	-24.4
vs Sector benchmark <sup>(4)</sup>	-4.4	5.7	83.7	30.7	138.8	13.3

**Market Data**

Market Cap (Mn EUR and USD)	62.2	69.6
EV (Mn EUR and USD) <sup>(2)</sup>	61.9	69.3
Shares Outstanding (Mn)	30.5	
-12m (Max/Med/Mín EUR)	2.18 / 1.69 / 1.31	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation <sup>(3)</sup>	11.2	
Factset / Bloomberg	PANG-ES / PANG SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)<sup>(7)</sup>**

GPI (Dominguez Family, Mayoral)	13.8
Vidaro Inv. (Villagrà Blanco Fam.)	8.2
Mirling Europe	6.6
Hersol XXI (Solans Family)	4.4
Free Float	12.4

**Financials (Mn EUR)**

	2022	2023e	2024e	2025e
Adj. n <sup>o</sup> shares (Mn)	27.1	30.5	30.5	30.5
Total Revenues	4.4	10.8	16.2	17.8
Rec. EBITDA	-3.3	-1.3	1.0	1.8
% growth	-110.5	61.6	177.2	77.6
% Rec. EBITDA/Rev.	n.a.	n.a.	6.1	9.9
% Inc. EBITDA sector <sup>(4)</sup>	-5.8	14.9	18.4	18.4
Net Profit	-2.7	-0.6	0.9	1.6
EPS (EUR)	-0.10	-0.02	0.03	0.05
% growth	-256.1	79.1	236.6	86.1
Ord. EPS (EUR)	-0.09	-0.03	0.02	0.04
% growth	-106.2	66.1	159.4	119.0
Rec. Free Cash Flow <sup>(5)</sup>	-3.4	-3.4	-0.6	0.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	-4.8	1.3	1.7	1.4
ND/Rec. EBITDA (x)	n.a.	n.a.	1.7	0.8
ROE (%)	n.a.	n.a.	3.7	6.5
ROCE (%) <sup>(5)</sup>	n.a.	n.a.	4.9	7.0

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

P/E	n.a.	n.a.	71.2	38.3
Ord. P/E	n.a.	n.a.	n.a.	49.5
P/BV	2.7	2.7	2.6	2.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	14.18	5.74	3.81	3.48
EV/Rec. EBITDA	n.a.	n.a.	n.a.	35.3
EV/EBIT	n.a.	n.a.	49.0	32.6
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	0.1

(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 Biotechnology.

(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.

(7) Others: Founders 13.2%, Irigen 6.6%, Eléctrica del Oeste 6.3%, Areyhold S.L.U. 6.2%

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

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## Pangaea Oncology (PANG) is a BME Growth company

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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).

## Important news

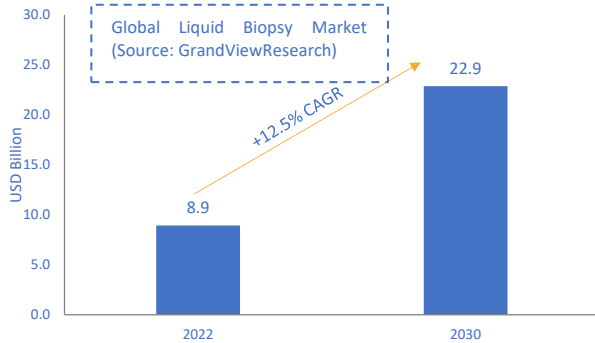
### Estimates upgrade

### Table 1. Estimates upgrade

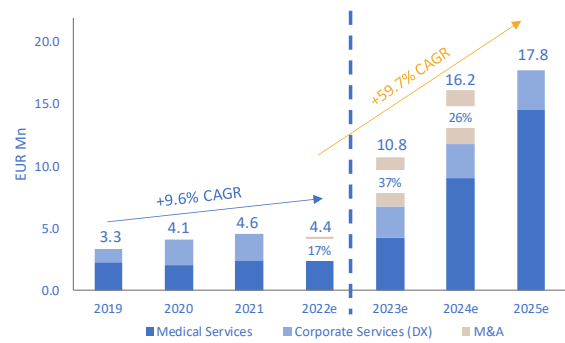
EUR Mn	2023e (New)	2023e	Review (%)	2024e (New)	2024e	Review (%)	2025e (New)	2025e	Review (%)
<b>Total Revenues</b>	<b>10.8</b>	<b>10.4</b>	<b>3.5%</b>	<b>16.2</b>	<b>15.1</b>	<b>7.3%</b>	<b>17.8</b>	<b>16.3</b>	<b>9.0%</b>
<b>Recurrent EBITDA</b>	<b>-1.3</b>	<b>-1.4</b>	<b>11.0%</b>	<b>1.0</b>	<b>0.6</b>	<b>67.8%</b>	<b>1.8</b>	<b>1.2</b>	<b>48.7%</b>
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>6.1%</i>	<i>3.9%</i>	<i>2 p.p.</i>	<i>9.9%</i>	<i>7.2%</i>	<i>3 p.p.</i>
<b>EBIT</b>	<b>-0.5</b>	<b>-0.6</b>	<b>15.1%</b>	<b>1.3</b>	<b>1.0</b>	<b>28.6%</b>	<b>1.9</b>	<b>1.4</b>	<b>32.9%</b>
<b>Net Profit</b>	<b>-0.6</b>	<b>-0.8</b>	<b>19.5%</b>	<b>0.9</b>	<b>0.8</b>	<b>9.9%</b>	<b>1.6</b>	<b>1.3</b>	<b>21.4%</b>
<b>Recurrent Free Cash Flow</b>	<b>-3.4</b>	<b>-3.2</b>	<b>-8.6%</b>	<b>-0.6</b>	<b>-0.7</b>	<b>13.3%</b>	<b>0.0</b>	<b>-0.3</b>	<b>116.6%</b>
<i>Net Debt/(Net Cash)</i>	<i>1.3</i>	<i>0.5</i>	<i>165%</i>	<i>1.7</i>	<i>1.0</i>	<i>73%</i>	<i>1.4</i>	<i>1.0</i>	<i>40%</i>

**The company in 8 Charts**

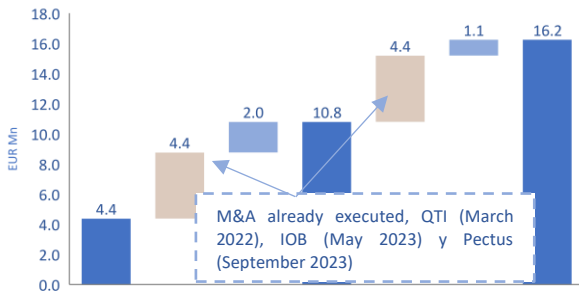
**PANG is committed to a technology (liquid biopsy) with rational expectations for high growth .....**



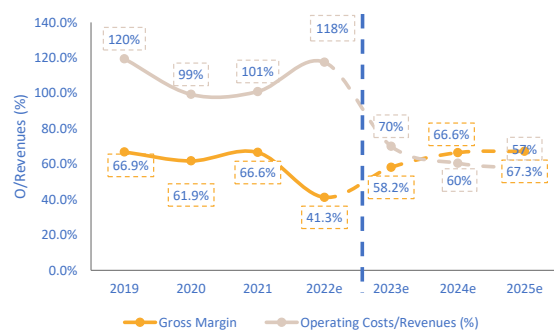
**... and is faced with a genuine step up in scale (+59.7% CAGR 2022-2025e)**



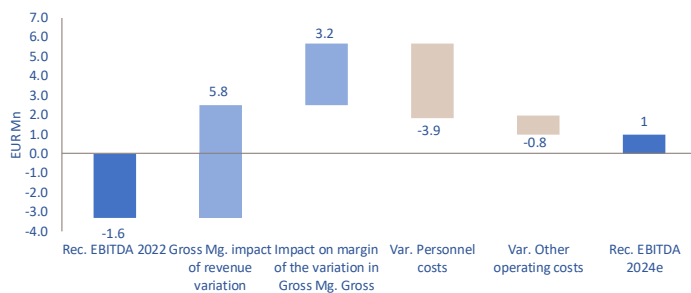
**The M&A already executed in 2023e explains c.68% of total growth for the year (c.81% in 2024e)**



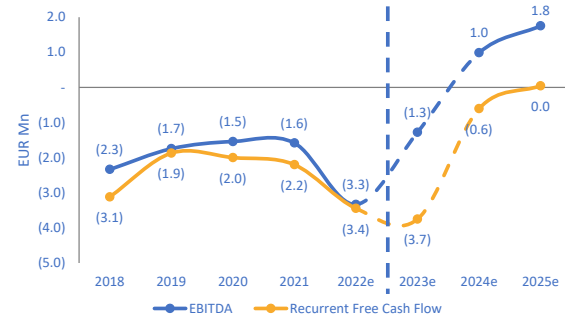
**The improvement of margins is the business' main catalyst (gross margin c.68% from 2024e)**



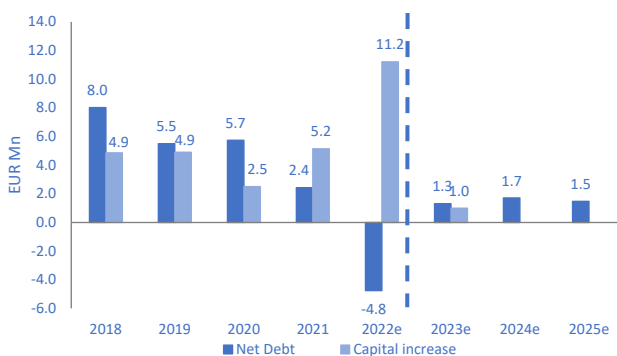
**The combination of growth and improved margins points to breakeven in EBITDA in 2024e...**



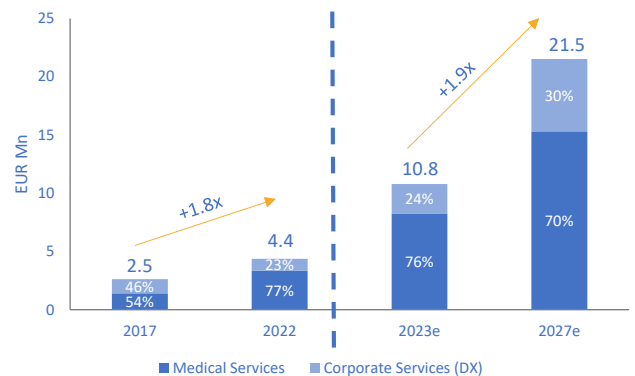
**... and will make it possible to reduce cash consumption (break-even) as early as 2025e**



**With a strong balance sheet structure (net cash) that will allow it to finance inorganic growth without capital increase**



**The high volume of activity will increase the speed of expansion of molecular diagnostics (liquid biopsy) in the long term**



## Valuation inputs

### Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>			
Free Cash Flow "To the Firm"	(7.4)	(0.5)	0.1	n.a.			
Market Cap	62.2	At the date of this report					
Net financial debt	-4.8	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
Risk free rate (rf)	3.4%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.3	B (own estimate)			1.2	1.4	
Cost of Equity	11.2%	Ke = Rf + (R * B)			10.0%	12.5%	
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	0.0%	D			=	=	
WACC	11.2%	WACC = Kd * D + Ke * E			10.0%	12.5%	
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
MDxHealth SA	MDXH-BE	102.5	n.a.	32.7%	n.a.	55.9%	1.5	12.3%	n.a.	n.a.	50.4%
Biocartis	BCART-BE	52.8	n.a.	62.2%	n.a.	53.8%	2.3	23.8%	n.a.	n.a.	56.4%
Atrys Health	ATRY-ES	367.1	41.2	28.5%	11.0	14.0%	2.4	8.1%	22.2%	7.3%	11.1%
Guardant Health Inc	GH-US	3,485.4	n.a.	17.3%	n.a.	21.2%	7.7	24.1%	n.a.	n.a.	19.3%
Exact Sciences Corp	EXAS-US	14,306.1	n.a.	60.1%	n.a.	n.a.	7.1	13.6%	4.1%	n.a.	87.2%
Neogenomics Inc.	NEO-US	1,975.9	n.a.	70.3%	n.a.	n.a.	4.1	9.1%	n.a.	n.a.	n.a.
<b>Molecular Diagnostic Laboratories</b>			41.2	45.2%	11.0	36.3%	4.2	15.1%	13.1%	7.3%	44.9%
Thermo Fisher	TMO-US	186,740.7	21.8	12.9%	19.6	10.4%	5.1	7.9%	26.2%	3.5%	17.2%
Qiagen	QGEN-US	9,760.0	21.7	9.7%	15.8	9.9%	5.4	7.2%	34.1%	5.0%	1.9%
Danaher	DHR-US	160,592.8	24.9	10.6%	19.7	10.1%	6.3	7.4%	32.3%	4.3%	9.6%
Agilent	A-US	32,635.7	20.9	9.8%	17.5	8.1%	5.2	6.2%	30.0%	3.3%	26.3%
Becton Dickinson	BDX-US	68,757.3	20.5	11.2%	16.7	9.6%	4.7	5.9%	27.9%	4.7%	13.5%
<b>Advanced Medical Equipment</b>			22.0	10.9%	17.8	9.6%	5.3	6.9%	30.1%	4.2%	13.7%
Roche	ROG-CH	245,244.3	15.1	9.0%	10.8	7.5%	4.1	5.2%	38.5%	7.0%	4.6%
PANG	PANG-ES	62.2	n.a.	n.a.	n.a.	95.8%	5.7	28.4%	n.a.	n.a.	42.7%

### 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	6.7%	1.1	57.1x
Central	6.1%	1.0	62.7x
Min	5.5%	0.9	69.6x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	0.9%	1.0%	1.1%
1.1	(0.5)	(0.5)	(0.5)
1.0	(0.6)	(0.6)	(0.6)
0.9	(0.7)	(0.7)	(0.7)

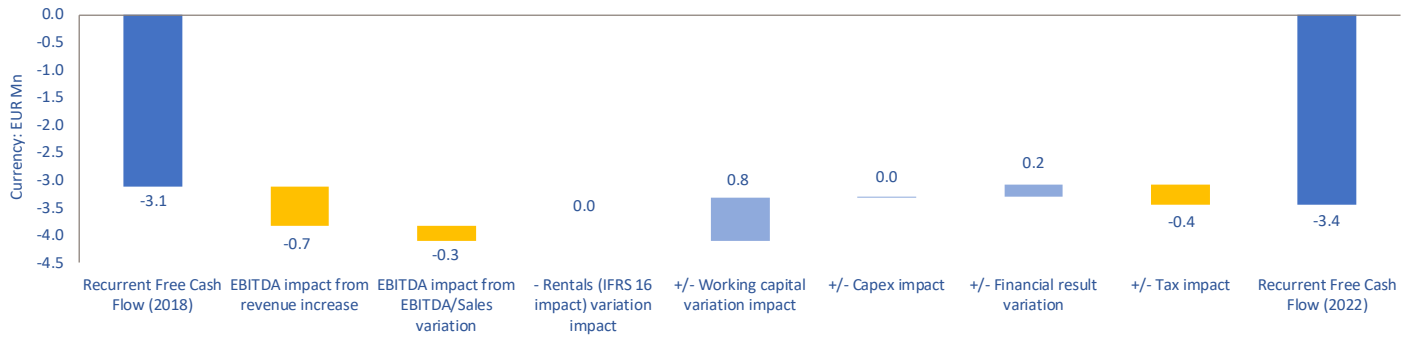
## Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	10.3	7.1	7.0	8.2	9.6	14.2	14.5	14.6		
Fixed assets	0.8	0.6	0.6	0.4	0.4	0.4	0.4	0.4		
Other Non Current Assets	3.8	4.0	3.9	4.3	4.2	4.2	4.1	3.9		
Financial Investments	0.0	0.0	0.0	0.3	0.3	0.2	0.3	0.4		
Goodwill & Other Intangibles	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6		
Current assets	3.6	3.6	4.3	4.6	4.8	9.3	13.4	15.5		
<b>Total assets</b>	<b>18.5</b>	<b>15.4</b>	<b>15.8</b>	<b>17.9</b>	<b>19.9</b>	<b>28.9</b>	<b>33.1</b>	<b>35.2</b>		
Equity	8.5	8.3	8.3	14.1	22.9	23.3	24.1	25.7		
Minority Interests	-	-	-	-	0.2	0.3	0.5	0.7		
Provisions & Other L/T Liabilities	0.4	0.3	0.2	0.3	0.3	0.3	0.3	0.3		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	8.0	5.5	5.7	2.4	(4.8)	1.3	1.7	1.4		
Current Liabilities	1.6	1.3	1.5	1.1	1.3	3.7	6.5	7.1		
<b>Equity &amp; Total Liabilities</b>	<b>18.5</b>	<b>15.4</b>	<b>15.8</b>	<b>17.9</b>	<b>19.9</b>	<b>28.9</b>	<b>33.1</b>	<b>35.2</b>		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
<b>Total Revenues</b>	<b>3.1</b>	<b>3.3</b>	<b>4.1</b>	<b>4.6</b>	<b>4.4</b>	<b>10.8</b>	<b>16.2</b>	<b>17.8</b>	<b>9.3%</b>	<b>59.7%</b>
Total Revenues growth	16.7%	8.4%	23.6%	12.3%	-5.1%	147.1%	50.5%	9.5%		
COGS	(1.4)	(1.1)	(1.6)	(1.5)	(2.6)	(4.5)	(5.4)	(5.8)		
<b>Gross Margin</b>	<b>1.7</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>	<b>1.8</b>	<b>6.3</b>	<b>10.8</b>	<b>12.0</b>	<b>2.0%</b>	<b>87.9%</b>
Gross Margin/Revenues	54.5%	66.9%	61.9%	66.6%	41.3%	58.2%	66.6%	67.3%		
Personnel Expenses	(2.7)	(2.7)	(2.8)	(3.2)	(3.6)	(5.5)	(7.4)	(7.7)		
Other Operating Expenses	(1.3)	(1.3)	(1.2)	(1.5)	(1.5)	(2.1)	(2.4)	(2.5)		
<b>Recurrent EBITDA</b>	<b>(2.3)</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>(3.3)</b>	<b>(1.3)</b>	<b>1.0</b>	<b>1.8</b>	<b>-9.3%</b>	<b>36.2%</b>
Recurrent EBITDA growth	47.7%	25.3%	11.7%	-2.8%	-110.5%	61.6%	177.2%	77.6%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.1%	9.9%		
Restructuring Expense & Other non-rec.	0.3	0.3	0.2	(0.1)	(0.3)	0.2	0.2	0.2		
<b>EBITDA</b>	<b>(2.1)</b>	<b>(1.4)</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(3.6)</b>	<b>(1.1)</b>	<b>1.2</b>	<b>2.0</b>	<b>-14.9%</b>	<b>36.4%</b>
Depreciation & Provisions	(2.4)	(3.1)	(2.4)	(1.0)	(1.2)	(1.7)	(2.1)	(2.1)		
Capitalized Expense	2.6	2.2	2.1	2.1	2.3	2.3	2.1	2.0		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
<b>EBIT</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>(2.6)</b>	<b>(0.5)</b>	<b>1.3</b>	<b>1.9</b>	<b>-9.0%</b>	<b>40.0%</b>
EBIT growth	30.3%	-26.7%	29.3%	67.1%	-380.1%	79.0%	335.4%	50.1%		
EBIT/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.8%	10.7%		
Impact of Goodwill & Others	0.0	(2.5)	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.2)	(0.2)	(0.4)	(0.1)	(0.0)	(0.3)	(0.3)		
Income by the Equity Method	-	-	(0.0)	(0.2)	(0.2)	(0.1)	0.1	0.1		
<b>Ordinary Profit</b>	<b>(2.1)</b>	<b>(5.0)</b>	<b>(1.9)</b>	<b>(1.1)</b>	<b>(2.8)</b>	<b>(0.7)</b>	<b>1.0</b>	<b>1.7</b>	<b>-7.5%</b>	<b>37.2%</b>
Ordinary Profit Growth	32.4%	-134.2%	62.6%	41.1%	-158.5%	77.0%	249.1%	70.0%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(2.1)</b>	<b>(5.0)</b>	<b>(1.9)</b>	<b>(1.1)</b>	<b>(2.8)</b>	<b>(0.7)</b>	<b>1.0</b>	<b>1.7</b>	<b>-7.5%</b>	<b>37.2%</b>
Tax Expense	0.9	0.1	0.1	0.5	0.1	0.1	0.1	0.2		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	0.0	(0.1)	(0.2)	(0.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(1.3)</b>	<b>(4.8)</b>	<b>(1.8)</b>	<b>(0.6)</b>	<b>(2.7)</b>	<b>(0.6)</b>	<b>0.9</b>	<b>1.6</b>	<b>-21.3%</b>	<b>37.5%</b>
Net Profit growth	23.9%	-286.4%	63.8%	63.4%	-322.5%	76.4%	236.6%	86.1%		
<b>Ordinary Net Profit</b>	<b>(2.4)</b>	<b>(5.3)</b>	<b>(2.1)</b>	<b>(1.0)</b>	<b>(2.5)</b>	<b>(1.0)</b>	<b>0.6</b>	<b>1.3</b>	<b>-1.5%</b>	<b>35.7%</b>
Ordinary Net Profit growth	22.9%	-123.7%	60.3%	51.1%	-144.6%	61.8%	159.4%	119.0%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
<b>Recurrent EBITDA</b>						<b>(1.3)</b>	<b>1.0</b>	<b>1.8</b>	<b>-9.3%</b>	<b>36.2%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.0)	(1.4)	(1.5)		
<b>Recurrent Operating Cash Flow</b>						<b>-3.3</b>	<b>-0.4</b>	<b>0.2</b>	<b>-1.5%</b>	<b>27.5%</b>
CAPEX						(0.2)	(0.2)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.0)	(0.3)	(0.3)		
Tax Expense						0.1	0.3	0.3		
<b>Recurrent Free Cash Flow</b>						<b>(3.4)</b>	<b>(0.6)</b>	<b>0.1</b>	<b>-2.5%</b>	<b>26.3%</b>
Restructuring Expense & Other non-rec.						0.2	0.2	0.2		
- Acquisitions / + Divestures of assets						(3.8)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(7.1)</b>	<b>(0.4)</b>	<b>0.3</b>	<b>-8.9%</b>	<b>27.4%</b>
Capital Increase						1.0	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>6.1</b>	<b>0.4</b>	<b>(0.3)</b>		

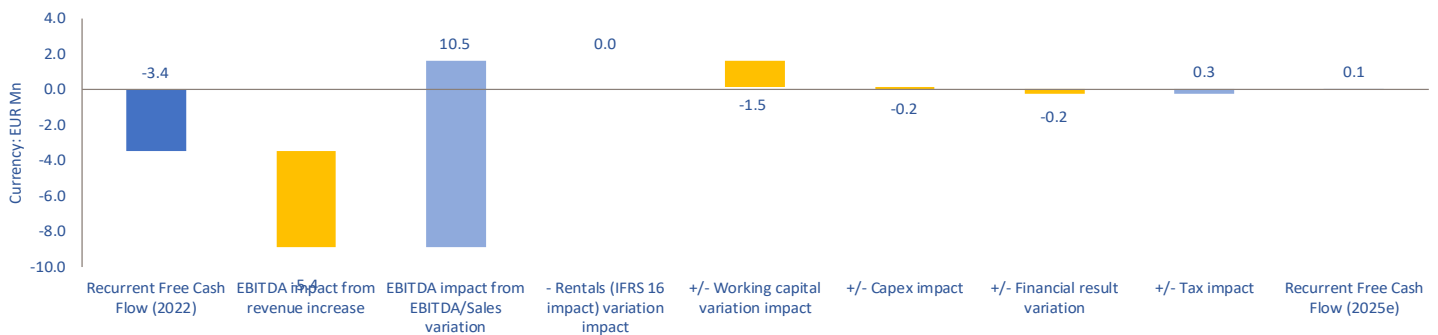
## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>(3.3)</b>	<b>(1.3)</b>	<b>1.0</b>	<b>1.8</b>	<b>-24.1%</b>	<b>36.2%</b>
<i>Recurrent EBITDA growth</i>	25.3%	11.7%	-2.8%	-110.5%	61.6%	177.2%	77.6%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	6.1%	9.9%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.4)	(0.5)	(0.7)	(0.0)	(2.0)	(1.4)	(1.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>(2.1)</b>	<b>(2.0)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.3)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>-17.2%</b>	<b>27.5%</b>
<i>Rec. Operating Cash Flow growth</i>	33.9%	3.2%	-11.0%	-49.7%	2.1%	88.9%	165.4%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.3%		
- CAPEX	(0.0)	(0.1)	(0.3)	(0.0)	(0.2)	(0.2)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.4)	(0.1)	(0.0)	(0.3)	(0.3)		
- Taxes	0.4	0.3	0.7	0.1	0.1	0.3	0.3		
<b>= Recurrent Free Cash Flow</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(3.4)</b>	<b>(3.4)</b>	<b>(0.6)</b>	<b>0.1</b>	<b>-22.5%</b>	<b>26.3%</b>
<i>Rec. Free Cash Flow growth</i>	40.0%	-6.9%	-10.0%	-56.4%	0.0%	82.6%	108.8%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3%		
- Restructuring expenses & others	0.2	(0.0)	0.1	(0.3)	0.2	0.2	0.2		
- Acquisitions / + Divestments	-	(0.3)	(0.2)	(0.1)	(3.8)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>(1.7)</b>	<b>(2.3)</b>	<b>(2.4)</b>	<b>(3.9)</b>	<b>(7.1)</b>	<b>(0.4)</b>	<b>0.3</b>	<b>-32.4%</b>	<b>27.4%</b>
<i>Free Cash Flow growth</i>	39.4%	-41.1%	-0.8%	-63.3%	-83.4%	94.4%	164.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e		
<b>Recurrent FCF(FY - 1)</b>	<b>(3.1)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(3.4)</b>	<b>(3.4)</b>	<b>(0.6)</b>		
EBITDA impact from revenue increase	(0.2)	(0.4)	(0.2)	0.1	(4.9)	(0.6)	0.1		
EBITDA impact from EBITDA/Sales variation	0.8	0.6	0.1	(1.8)	6.9	2.9	0.7		
<b>= Recurrent EBITDA variation</b>	<b>0.6</b>	<b>0.2</b>	<b>(0.0)</b>	<b>(1.7)</b>	<b>2.1</b>	<b>2.3</b>	<b>0.8</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	0.5	(0.1)	(0.2)	0.6	(2.0)	0.7	(0.2)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>1.1</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(1.1)</b>	<b>0.1</b>	<b>2.9</b>	<b>0.6</b>		
+/- CAPEX impact	0.0	(0.1)	(0.3)	0.3	(0.2)	0.1	(0.0)		
+/- Financial result variation	0.2	(0.0)	(0.2)	0.2	0.1	(0.3)	-		
+/- Tax impact	(0.0)	(0.1)	0.4	(0.7)	0.0	0.2	0.1		
<b>= Recurrent Free Cash Flow variation</b>	<b>1.2</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>(0.0)</b>	<b>2.8</b>	<b>0.7</b>		
<b>Recurrent Free Cash Flow</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(3.4)</b>	<b>(3.4)</b>	<b>(0.6)</b>	<b>0.1</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>	<b>(2.3)</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>(2.6)</b>	<b>(0.5)</b>	<b>1.3</b>	<b>1.9</b>	<b>-3.7%</b>	<b>40.0%</b>
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
<b>Recurrent EBITDA</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>(3.3)</b>	<b>(1.3)</b>	<b>1.0</b>	<b>1.8</b>	<b>-24.1%</b>	<b>36.2%</b>
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.4)	(0.5)	(0.7)	(0.0)	(2.0)	(1.4)	(1.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>(2.1)</b>	<b>(2.0)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.3)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>-17.2%</b>	<b>27.5%</b>
- CAPEX	(0.0)	(0.1)	(0.3)	(0.0)	(0.2)	(0.2)	(0.2)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(2.6)</b>	<b>(3.4)</b>	<b>(3.5)</b>	<b>(0.5)</b>	<b>0.1</b>	<b>-17.4%</b>	<b>26.4%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	34.5%	-0.2%	-22.5%	-31.8%	-3.7%	85.0%	111.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3%		
- Acquisitions / + Divestments	-	(0.3)	(0.2)	(0.1)	(3.8)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(2.1)</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>(3.5)</b>	<b>(7.4)</b>	<b>(0.5)</b>	<b>0.1</b>	<b>-18.8%</b>	<b>26.4%</b>
<i>Free Cash Flow (To the Firm) growth</i>	34.5%	-15.8%	-16.1%	-24.6%	-109.5%	92.8%	111.6%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1%		

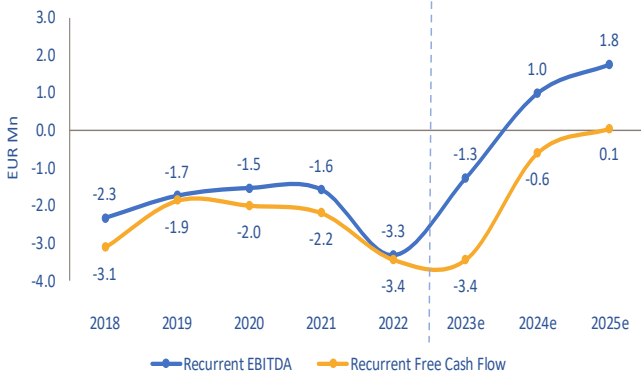
**Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)**



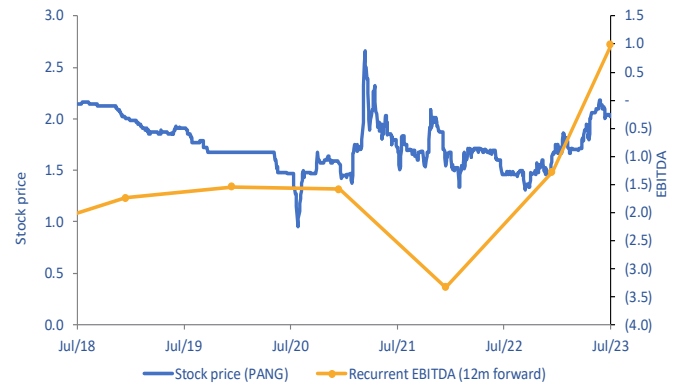
**Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)**



**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	62.2	
+ Minority Interests	0.3	12m Results 2022
+ Provisions & Other L/T Liabilities	0.3	12m Results 2022
+ Net financial debt	(4.8)	12m Results 2022
- Financial Investments	0.3	12m Results 2022
+/- Others <sup>(1)</sup>	4.2	12m Results 2022
<b>Enterprise Value (EV)</b>	<b>61.9</b>	

(1) Tax loss carry forward



## Appendix 4. Historical performance <sup>(1)</sup>

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															14-22	22-25e
Total Revenues	2.6	3.1	1.7	1.9	2.5	2.6	3.1	3.3	4.1	4.6	4.4	10.8	16.2	17.8	12.4%	59.7%
Total Revenues growth	n.a.	17.7%	-44.4%	13.5%	29.1%	4.1%	16.7%	8.4%	23.6%	12.3%	-5.1%	147.1%	50.5%	9.5%		
EBITDA	(1.2)	(0.5)	(1.6)	(2.0)	(3.3)	(4.5)	(2.1)	(1.4)	(1.3)	(1.6)	(3.6)	(1.1)	1.2	2.0	-10.8%	36.4%
EBITDA growth	n.a.	61.2%	-237.0%	-22.1%	-69.4%	-37.0%	54.0%	32.7%	8.1%	-27.6%	-120.3%	70.6%	211.5%	64.4%		
EBITDA/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.3%	11.0%
Net Profit	(0.4)	0.1	(0.2)	(0.5)	(0.6)	(1.6)	(1.3)	(4.8)	(1.8)	(0.6)	(2.7)	(0.6)	0.9	1.6	-38.8%	37.5%
Net Profit growth	n.a.	124.9%	-289.1%	-147.7%	-22.2%	-177.0%	23.9%	-286.4%	63.8%	63.4%	-322.5%	76.4%	236.6%	86.1%		
Adjusted number shares (Mn)	0.2	0.2	0.2	0.2	11.9	11.9	14.5	17.1	18.9	22.8	27.1	30.5	30.5	30.5		
EPS (EUR)	-2.55	0.63	-1.06	-2.65	-0.05	-0.14	-0.09	-0.28	-0.09	-0.03	-0.10	-0.02	0.03	0.05	25.5%	36.3%
EPS growth	n.a.	n.a.	n.a.	n.a.	98.1%	n.a.	37.6%	n.a.	67.2%	69.7%	n.a.	79.1%	n.a.	86.1%		
Ord. EPS (EUR)	-2.59	0.57	-1.13	-2.93	-0.05	-0.14	-0.16	-0.31	-0.11	-0.05	-0.09	-0.03	0.02	0.04	26.8%	34.6%
Ord. EPS growth	n.a.	n.a.	n.a.	n.a.	98.3%	n.a.	-21.0%	-89.8%	64.0%	59.5%	n.a.	66.1%	n.a.	n.a.		
CAPEX	-	(0.1)	(0.1)	(0.2)	(0.5)	(0.2)	(0.0)	(0.0)	(0.1)	(0.3)	(0.0)	(0.2)	(0.2)	(0.2)		
CAPEX/Sales %	0.0%	3.5%	3.5%	12.0%	21.8%	5.9%	0.9%	0.0%	1.7%	7.0%	0.5%	2.0%	1.0%	1.0%		
Free Cash Flow	(0.7)	(0.7)	(1.9)	(2.8)	(2.8)	(5.8)	(2.7)	(1.7)	(2.3)	(2.4)	(3.9)	(7.1)	(0.4)	0.3	-9.4%	27.4%
ND/EBITDA (x) <sup>(2)</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4x	0.7x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	71.2x	38.3x	
EV/Sales (x)	1.14x	1.19x	3.26x	4.30x	14.57x	13.67x	12.24x	10.38x	8.04x	8.21x	10.40x	5.74x	3.81x	3.48x		
EV/EBITDA (x) <sup>(2)</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	31.7x		
Absolute performance	n.a.	n.a.	n.a.	n.a.	n.a.	-22.0%	-3.8%	-16.3%	-5.9%	-1.9%	6.0%	24.4%				
Relative performance vs Ibx 35	n.a.	n.a.	n.a.	n.a.	n.a.	-27.4%	13.2%	-25.2%	11.3%	-9.1%	12.2%	8.3%				

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 Factsset.

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

## Appendix 5. Main peers 2023e

		Molecular Diagnostic Laboratories							Advanced Medical Equipment					Global Leader		
		MDxHealth SA	Biocartis	Atrys Health	Guardant Health Inc	Exact Sciences Corp	Neogenomics Inc.	Average	Thermo Fisher USA	Qiagen Netherlands	Danaher USA	Agilent USA	Becton Dickinson USA	Average	Roche Switzerland	PANG Spain
Market data	EUR Mn	MDXH-BE Belgium	BCART-BE Belgium	ATRY-ES Spain	GH-US USA	EXAS-US USA	NEO-US USA									
Market cap		102.5	52.8	367.1	3,485.4	14,306.1	1,975.9		186,740.7	9,760.0	160,592.8	32,635.7	68,757.3	245,244.3	62.2	
Enterprise value (EV)		94.5	149.0	573.4	3,886.4	16,057.7	2,155.6		216,559.0	10,326.9	174,810.3	34,090.2	83,836.3	261,342.9	61.9	
Total Revenues		61.9	65.8	235.1	505.4	2,248.9	525.1		42,262.8	1,919.9	27,543.2	6,510.4	18,000.9	62,981.4	10.8	
Total Revenues growth		75.5%	14.4%	25.7%	20.4%	15.6%	10.3%	27.0%	0.8%	-4.0%	-6.3%	1.8%	2.2%	-1.1%	-3.4%	147.1%
2y CAGR (2023e - 2025e)		12.3%	23.8%	8.1%	24.1%	13.6%	9.1%	15.1%	7.9%	7.2%	7.4%	6.2%	5.9%	6.9%	5.2%	28.4%
EBITDA		(21.2)	(23.8)	52.1	(363.6)	91.1	(18.4)		11,071.3	655.5	8,886.7	1,953.4	5,016.9	24,250.7	(1.1)	
EBITDA growth		33.4%	36.6%	129.2%	21.9%	124.7%	72.5%	69.7%	-0.4%	-10.5%	-12.8%	10.2%	16.5%	0.6%	7.0%	70.6%
2y CAGR (2023e - 2025e)		55.9%	53.8%	14.0%	21.2%	n.a.	n.a.	36.3%	10.4%	9.9%	10.1%	8.1%	9.6%	9.6%	7.5%	95.8%
EBITDA/Revenues		n.a.	n.a.	22.2%	n.a.	4.1%	n.a.	13.1%	26.2%	34.1%	32.3%	30.0%	27.9%	30.1%	38.5%	n.a.
EBIT		(27.3)	(29.7)	24.5	(457.0)	(361.4)	(116.4)		10,033.2	517.8	8,129.9	1,823.1	4,275.9	20,887.3	(0.5)	
EBIT growth		25.4%	37.5%	421.5%	8.5%	37.6%	17.3%	91.3%	26.1%	-3.8%	0.1%	23.4%	82.3%	25.6%	11.6%	79.0%
2y CAGR (2023e - 2025e)		42.4%	46.6%	26.3%	15.5%	53.8%	20.4%	34.2%	10.8%	10.8%	9.4%	8.1%	9.0%	9.6%	8.4%	n.a.
EBIT/Revenues		n.a.	n.a.	10.4%	n.a.	n.a.	n.a.	10.4%	23.7%	27.0%	29.5%	28.0%	23.8%	26.4%	33.2%	n.a.
Net Profit		(33.0)	(44.9)	10.1	(433.5)	(335.3)	(99.0)		8,583.5	455.0	6,537.8	1,554.7	3,274.7	14,712.6	(0.6)	
Net Profit growth		21.4%	31.3%	143.6%	29.1%	42.4%	26.5%	49.0%	32.3%	15.2%	-2.9%	32.8%	114.5%	38.4%	15.0%	76.4%
2y CAGR (2023e - 2025e)		37.1%	50.4%	60.3%	16.5%	55.9%	27.5%	41.3%	11.1%	9.6%	10.3%	8.5%	11.5%	10.2%	10.3%	n.a.
CAPEX/Sales %		4.7%	4.4%	6.6%	9.4%	5.1%	5.7%	6.0%	4.5%	8.1%	3.9%	6.7%	5.2%	5.6%	6.5%	-2.0%
Free Cash Flow		(25.2)	(36.9)	26.8	(349.2)	(106.8)	(4.4)		6,606.0	488.5	6,905.5	1,081.4	3,228.7	17,127.9	(7.1)	
Net financial debt		79.4	133.1	157.4	558.5	1,653.3	375.9		21,743.5	344.8	7,517.4	988.1	13,324.9	10,247.6	1.3	
ND/EBITDA (x)		n.a.	n.a.	3.0	n.a.	18.1	n.a.	10.6	2.0	0.5	0.8	0.5	2.7	1.3	0.4	n.a.
Pay-out		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	0.0%	10.1%	16.2%	33.3%	13.0%	54.2%	0.0%
P/E (x)		n.a.	n.a.	41.2	n.a.	n.a.	n.a.	41.2	21.8	21.7	24.9	20.9	20.5	22.0	15.1	n.a.
P/BV (x)		6.3	n.a.	1.1	n.a.	5.2	2.3	3.7	4.2	2.7	3.1	5.5	2.9	3.7	6.6	2.7
EV/Revenues (x)		1.5	2.3	2.4	7.7	7.1	4.1	4.2	5.1	5.4	6.3	5.2	4.7	5.3	4.1	5.7
EV/EBITDA (x)		n.a.	n.a.	11.0	n.a.	n.a.	n.a.	11.0	19.6	15.8	19.7	17.5	16.7	17.8	10.8	n.a.
EV/EBIT (x)		n.a.	n.a.	23.4	n.a.	n.a.	n.a.	23.4	21.6	19.9	21.5	18.7	19.6	20.3	12.5	n.a.
ROE		n.a.	n.a.	2.7	n.a.	n.a.	n.a.	2.7	19.4	12.6	12.6	26.1	14.1	16.9	43.6	n.a.
FCF Yield (%)		n.a.	n.a.	7.3	n.a.	n.a.	n.a.	7.3	3.5	5.0	4.3	3.3	4.7	4.2	7.0	n.a.
DPS		0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.91	0.84	3.82	1.36	9.97	0.00
Dvd Yield		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.4%	0.8%	1.6%	0.6%	3.3%	0.0%

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

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

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
20-Jul-2023	n.a.	2.04	n.a.	n.a.	Important news - Estimates upgrade	Luis Esteban Arribas
12-Jun-2023	n.a.	2.14	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
18-May-2023	n.a.	2.06	n.a.	n.a.	Estimates upgrade	Luis Esteban Arribas
10-May-2023	n.a.	2.00	n.a.	n.a.	Important news	Luis Esteban Arribas
04-May-2023	n.a.	1.84	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas
31-Oct-2022	n.a.	1.47	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
14-Jul-2022	n.a.	1.46	n.a.	n.a.	Important news	Alfredo Echevarría Otegui
02-May-2022	n.a.	1.70	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
29-Oct-2021	n.a.	1.64	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
02-Sep-2021	n.a.	1.70	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
25-Jun-2021	n.a.	1.85	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
05-May-2021	n.a.	2.17	n.a.	n.a.	12m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
03-Nov-2020	n.a.	1.58	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
16-Oct-2020	n.a.	1.56	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

