

**EQUITY - SPAIN**

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: 30 Dec 2021  
Closing price: EUR 5.60 (29 Dec 2021)

**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 386 stores (vs 447 in 2019) in Spain (355) Italy (18), Portugal (10) and Greece (3) in addition to its own online store. Its core market is the local one (> 85% of 2020 revenue).

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**What the numbers are saying today**

**Market Data**

Market Cap (Mn EUR and USD)	9.3	10.6
EV (Mn EUR and USD) <sup>(1)</sup>	65.5	74.3
	55.0	55.5
Shares Outstanding (Mn)	1.7	
-12m (Max/Med/Mín EUR)	8.40 / 5.70 / 3.90	
Daily Avg vol. (-12m Mn EUR)	n.m.	
Rotation (%) <sup>(2)</sup>	0.41	
Factset / Bloomberg	LIW-ES / LIW SM	
Close fiscal year	31 Dec	

**Shareholders Structure (%)**

Founding family	76.7
F.F. Bernabé (CEO)	7.6
Free Float	15.7

**Financials (Mn EUR)**

	2017	2018	2019	2020
Adj. nº shares (Mn)	1.7	1.7	1.7	1.7
Total Revenues	155.5	156.7	145.3	101.9
Rec. EBITDA <sup>(3)</sup>	21.9	12.5	34.6	11.8
% growth	36.3	-43.0	178.0	-65.8
% Rec. EBITDA/Rev.	14.1	8.0	23.8	11.6
% Inc. EBITDA sector <sup>(4)</sup>	9.4	1.6	34.4	-2.1
Net profit	9.6	6.4	0.2	-24.2
EPS (EUR)	5.74	3.83	0.12	n.a.
% growth	87.5	-33.2	-96.9	n.a.
Ord.EPS (EUR)	6.16	4.02	n.a.	n.a.
% growth	56.0	-34.7	n.a.	n.a.
Rec. Free Cash Flow <sup>(5)</sup>	6.3	-1.2	-16.7	-10.0
Pay-out (%)	26.1	0.0	0.0	0.0
DPS (EUR)	1.50	0.00	0.00	0.00
Net financial debt	30.5	32.6	42.6	55.5
ND/Rec. EBITDA (x)	1.4	2.6	1.2	4.7
ROE (%)	17.2	10.2	0.4	n.a.
ROCE (%)	13.3	4.5	9.2	n.a.

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

	2017	2018	2019	2020
P/E	1.0	1.5	47.2	n.a.
Ord. P/E	0.9	1.4	n.a.	n.a.
P/BV	0.2	0.1	0.2	0.5
Dividend Yield (%)	26.8	0.0	0.0	0.0
EV/Sales	0.42	0.42	0.45	0.64
EV/Rec. EBITDA	3.0	5.3	1.9	5.5
EV/EBIT	4.1	11.4	7.6	n.a.
FCF Yield (%) <sup>(5)</sup>	67.7	n.a.	n.a.	n.a.

(1) Please refer to page 8.  
(2) Rotation represents the % of the capitalisation traded - 12m.  
(3) FY 2019 EBITDA is c. EUR 26.4Mn higher due to IFRS 16.  
(4) Sector: Stoxx Europe 600 Retail.  
(5) Based on recurrent FCF. Please refer to page 7.  
(6) Multiples and ratios calculated over prices at the date of this report.

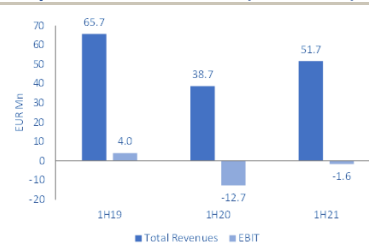
**2020: A YEAR TOTALLY IMPACTED BY COVID-19...** The impact of Covid-19 led to a significant decline in sales (EUR 101.9Mn; -29.9% vs 2019) that together with the contraction of the gross margin (-10p.p. y/y; due to destocking) and the impossibility of fully offsetting the impact via the reduction of costs (-27.6% y/y supported, among other things, by the government's furlough scheme) took EBIT a long way from breakeven (EUR -11Mn).

**... THAT LED TO A SIGNIFICANT INCREASE IN NET DEBT.** LIW ended 2020 with net debt of EUR 55.5Mn (vs EUR 34.2Mn in 2015; +62.1%). This increase in net debt was mainly the result of: (i) the consumption of cash on CAPEX and working capital and (ii) the very sharp contraction of activity in 2020 due to the impact of Covid-19 (2020 ND: +31% vs 2019; ND/Equity 2.7x).

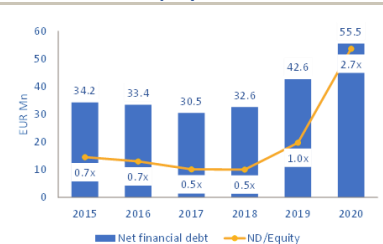
**MOMENTUM (1H21) WHAT DO THE MOST RECENT RESULTS SHOW?** The recovery of revenue that, despite remaining below 2019 levels (c. -20% vs 1H19), reached EUR 51.7Mn (+33.6% vs 1H20). And reflect the expected recovery together with a rebound in margins (1H21 gross margin, 58% vs 48% in 1H20) that allows a return of 1H21 EBIT to levels close to breakeven.

**WHAT ARE THE NUMBERS SAYING?** LIW is gradually recovering its capacity for revenue generation, although margins are still a long way from 2019 levels. The spotlight should be on the viability of recovering similar levels of revenue and profitability to those seen in 2019 (EBIT margin c. 6%?). This is a strictly theoretical reference that today is trading at very low multiples: EV/sales c. 0.44x and EV/EBIT c. 7.5x (vs 2022e sector EV/EBIT of c. 14x). Although without losing sight of the substantial risk arising from the high debt (2019 ND/EBIT > 6x; reflecting the impact of leaseings on the company's EBITDA and solvency).

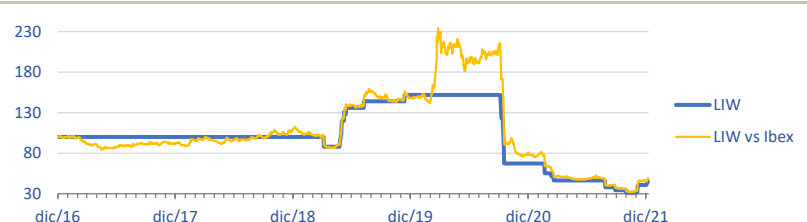
Half year Revenue and EBIT (1H19-1H21)



Net Debt vs ND/Equity



Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	12.0	30.2	-33.3	-33.3	-55.2	-55.2
vs Ibex 35	9.2	33.3	-37.2	-37.9	-56.1	-51.8
vs Ibex Small Cap Index	7.7	32.2	-34.2	-34.0	-66.9	-72.7
vs Eurostoxx 50	7.4	24.0	-44.3	-44.7	-68.8	-65.8
vs sector Benchmark <sup>(4)</sup>	11.5	28.6	-41.3	-41.2	-74.2	-71.3

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

## Contents

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### 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.

## 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.
- 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.**

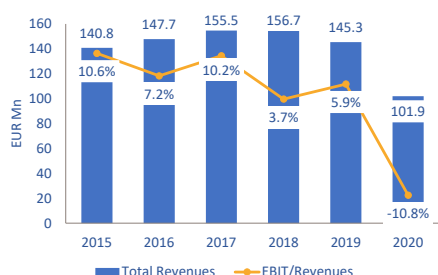
## 2. Conclusions

Arising from our analysis of the company's "verifiable numbers", based solely on the financial statements already published (2015-1H21), we would highlight the following points:

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

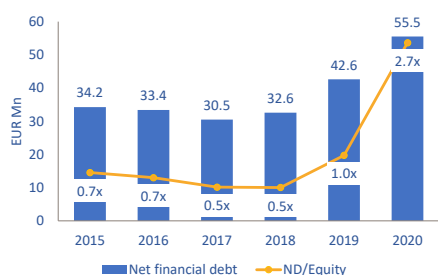
#### What happened in 2015-2020?

**Chart 1. Revenues and EBIT margin (2015-2020)**

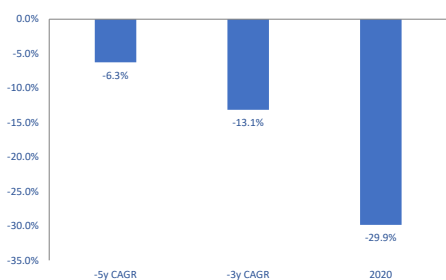


- **Declining revenues (-6.3% CAGR 2015 - 2020)**, with 2020 sales of EUR 101.9Mn (vs EUR 140.8Mn in 2015) negatively impacted mainly by Covid-19 (2020 revenue: c. -30% vs 2019). At the 2020 close, and despite the closure of 48 stores (-11% vs 2019), LIW had a similar number of points of sale to in 2015 (399 in 2020 vs 394 in 2015, year in which LIW generated revenue of c. EUR 141Mn, +38.3% vs 2020 revenue) that should enable LIW to grow revenue from current levels once the pandemic has ended.
- **With margins being squeezed (-4.5p.p. in EBIT over 2015-2019). And negative EBIT in 2020.** Despite maintaining a relatively stable gross margin (66-67% of revenue), the continuous increase in the number of stores (53 openings over 2015-2019) has resulted in a loss of profitability (2019 EBIT margin 5.9% vs 10.6% in 2015). In 2020, OPEX represented c. 61% of turnover for the year, causing EBIT to sink to EUR -11Mn (negative for the first time).
- **Maintaining high CAPEX and working capital levels (which has restricted cash generation).** Specifically, over 2015-2020 (on average) LIW had: (i) CAPEX/sales of c. 5% (earmarked mainly for increasing the number of points of sale; average CAPEX per store of c. EUR 350k) and (ii) Working Capital/Sales of c. 30%, rising to 48.5% in 2020 due to high inventory levels (2020 inventories: EUR 57.7Mn; 56.6% of revenue vs 28% in 2015).
- **And growing debt.** LIW ended 2020 with net debt of EUR 55.5Mn (vs EUR 34.2Mn in 2015; + 62.1%). The increase in net debt over 2015-2020 was mainly the result of: (i) cash consumed on CAPEX and working capital (cumulative impact over 2015-2020 of EUR 41.5Mn and EUR 29.3Mn, respectively) and (ii) the huge impact of Covid-19 in 2020 (that caused EBIT to sink to EUR -11Mn). Equity in 2020 was EUR 20.7Mn (ND/Equity 2.7x) that implies a high level of gearing.

**Chart 2. Net Debt vs ND/Equity (2015-2020)**



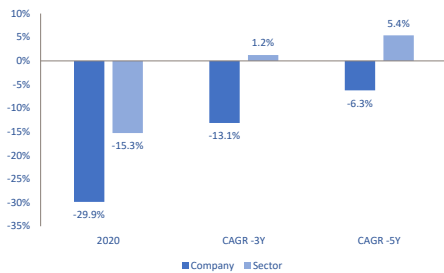
**Chart 3. Trend in revenues (-5y, -3y y 2020)**



#### What has been the trend?

- **Flat revenue over 2016-2019 (Revenue: -0.5% CAGR 2016-2019).** Partly due to the restructuring of the sales network begun in 2019 (with the closure of unprofitable stores which reduced the number of stores by 14 vs 2018; -3%). This, together with a fall in revenue per store, led to a 7.3% decline in 2019 revenue.
- **And in 2020? Results were totally affected by Covid-19 (2020 revenue: -29.9% vs 2019).** Covid-19 impacted the fashion sector head-on, with the temporary closure of stores in the main countries where the company operates (Spain and Italy) in 2Q20. This led to a significant decline in revenue in 2020 (-29.9% vs 2019; vs c. -40% for the textile industry in Spain according to Acotex data and vs c. -15% for its main European peers), causing EBIT to slump to EUR -11Mn (vs EUR 8.6Mn in 2019) and causing a rebound in debt to EUR 55.5Mn (+30% vs 2019).

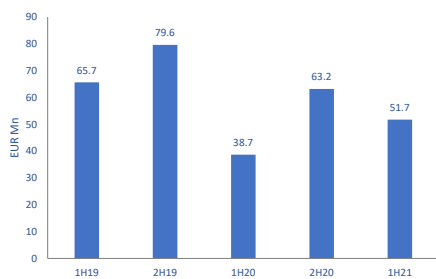
**Chart 4. Growth spread (Revenues)**



**How does LIW's performance (and its trend) compare with its sector?**

- In terms of revenue:** Over 2015-2020 LIW shows a negative revenue growth differential vs its sector of c. 12p.p. (a decline in revenue of 6.3% CAGR for LIW vs growth of 5.4% CAGR for its main peers). This negative growth differential was already evident prior to the impact of Covid-19 (-10p.p. over 2014-2019).
- In terms of margins:** The company's EBIT margin remained c. 2p.p. below that of its main peers in 2015-2019 (average for LIW of 8% vs 10% for its main peers). However, this spread widened in 2018 and 2019 when the loss of profitability of LIW's business resulted in a 2019 EBIT margin of 5.9% (vs c. 10% for its main peers).

**Chart 5. Half year Revenues (1H19-1H21)**



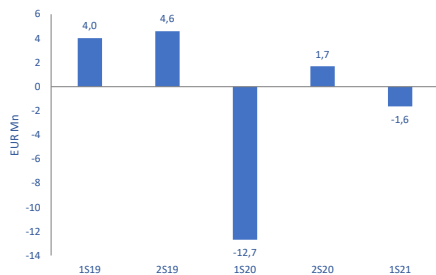
**Momentum (1H21): What do the most recent results show?**

Mandatory closures and restrictions in almost all of LIW's points of sale in 2Q20, resulted in a 1H20 with -41.1% y/y in revenue (EUR 38.7Mn; Chart 5) and negative EBIT of c. EUR -13Mn (Chart 6). However, 2H20 results showed something of a recovery, with 2H20 revenue of EUR 63.2Mn (-20% vs 2H19) and positive EBIT of EUR 1.7Mn (EBIT margin of c. 3%).

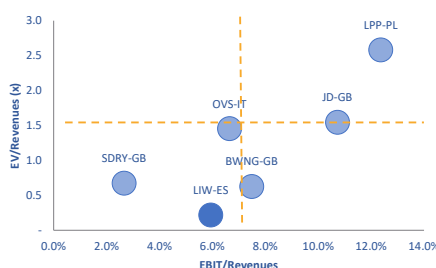
However, perhaps the most interesting point is to analyse how LIW performed in 1H21 (with the gradual recovery of economic activity, despite the continuation of local restrictions that at times prevented the total or partial opening of LIW's stores):

- Recovery of revenue. Although this is still below 2019 levels (c. -20% vs 1H19)...** Despite continuing to restructure its sales network (-13 vs the 2020 close), in 1H21 LIW generated sales of EUR 51.7Mn (+33.6% vs 1H20) that, despite the backdrop, shows the expected recovery after the temporary closure of the sales network in 2020 although LIW still maintains a decline of c. -20% vs 1H19 (Chart 5).
- ... accompanied by a rebound in margins.** 1H21 gross margin, 58% (vs 48% in 1H20 and 69% in 1H19), that together with the recovery of revenue volumes has kept EBIT close to breakeven (1H21 EBIT: EUR -1.6Mn vs negative EBIT of EUR -12.7Mn in 1H20).
- Although debt remains high.** 1H20 ND was EUR 55.9Mn (+31% vs 2019; ND/Equity 2.7x), with 50% of this classified as short term (including EUR 14.2Mn corresponding to credit lines that are usually renewed annually). In addition, c. 10% of total gross debt has maturities of over 5 years.

**Chart 6. Half year EBIT (1H19-1H21)**



**Chart 7. EV/Sales vs EBIT Mg. (LIW vs Sector)**



Note: Sector with estimated figures for 2021e (see page 11). As LIW's EBIT margin is negative at the date of this report, the 2019 EBIT margin (5.9%) has been used as a strictly theoretical reference.

**B) Theoretical valuation exercises**

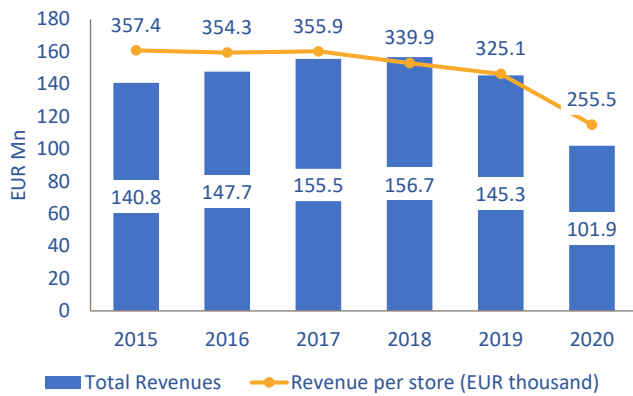
**In relative terms (vs peers) the company is apparently trading at a >50% discount**, estimated on the basis of LIW's theoretical EV/sales ratio calculated as the EV/sales ratio of the sector adjusted by the EBIT margin spread between the company and the sector. This strictly theoretical valuation exercise has the sole use (and goal) of serving as a "value indicator". All this is based on LIW's numbers for 2019 and taking as first premise the company's ability to recover 2019 levels of profitability (given the situation of negative EBIT in 2020 and 1H21).

**In conclusion: What are the numbers saying?** Aside from adverse (and not impossible) scenarios associated with the pandemic, what LIW's 1H21 numbers are saying is that the company is gradually recovering its capacity for revenue generation, although its margins are still a long way from those seen in 2019 (1H21 gross margin: 58% vs 69% in 1H21).

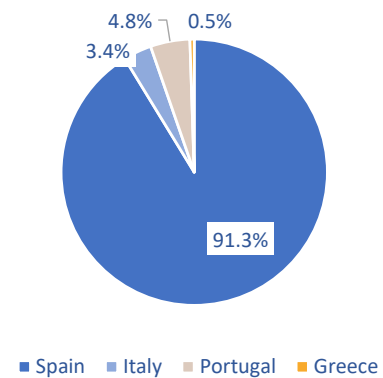
The spotlight should be on the viability of LIW recovering 2019 levels of profitability (EBIT margin of 5.9%) that today is trading at very low multiples: EV/sales c. 0.4x and EV/EBIT c. 7x (2022e sector EV/EBIT c. 14x). However, we should not lose sight of the high level of gearing reached (2019 ND/EBIT > 6x; reflecting the impact of leasings on the company's EBITDA and solvency).

**3. The company in 6 charts**

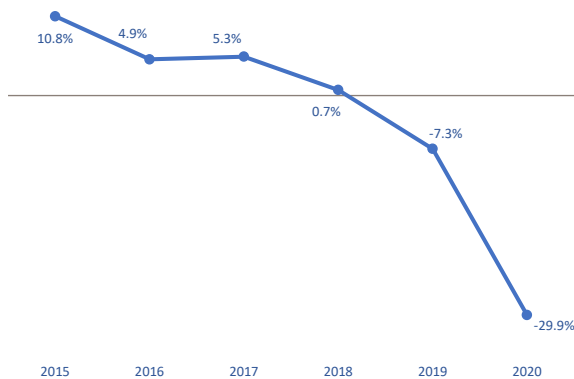
**Chart 1: Revenues (2015-2020)**



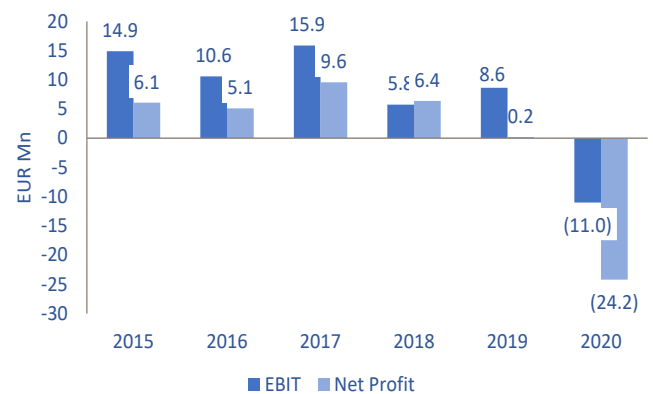
**Chart 2: Revenues by Geography (2020)**



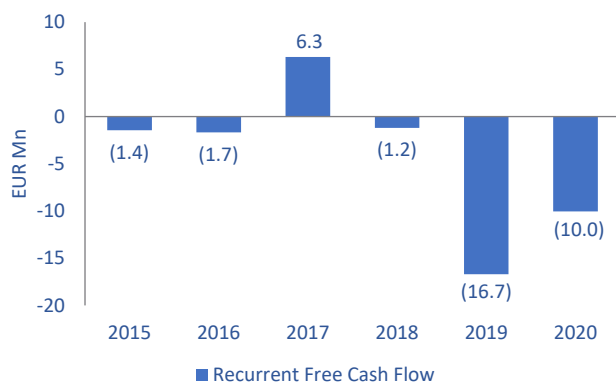
**Chart 3: Revenue growth (y/y)**



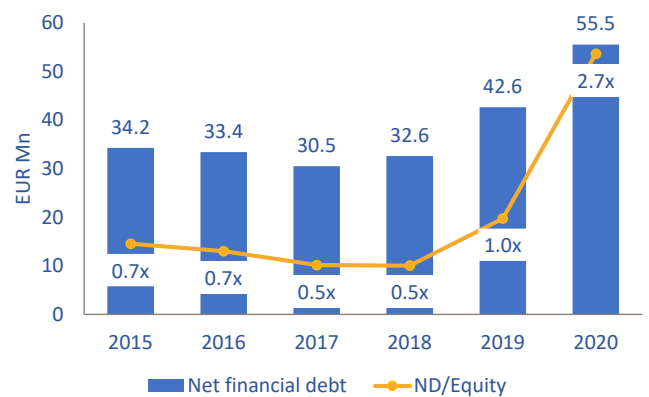
**Chart 4: EBIT and Net Profit**



**Chart 5: Rec. Free Cash Flow**



**Chart 6: Net Debt vs ND/Equity**



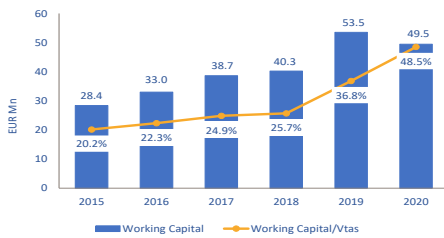
**4. Basic financial information**
**Historical Financial Statements (2015 - 2020) <sup>(1)</sup>**

<b>Balance Sheet (EUR Mn)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>		
Intangible Assets	1.9	1.8	1.3	1.2	97.9	72.1		
Fixed Assets	48.1	47.3	49.8	52.7	48.1	41.2		
Other Non Current Assets	5.3	5.1	5.4	5.5	12.0	10.0		
Financial Investments	0.6	0.4	1.0	0.8	1.8	0.7		
Goodwill & Other Intangibles	-	-	-	-	-	-		
Current Assets	41.5	44.8	53.5	55.1	64.4	63.5		
<b>Total assets</b>	<b>97.3</b>	<b>99.4</b>	<b>111.0</b>	<b>115.3</b>	<b>224.3</b>	<b>187.5</b>		
Equity	47.1	51.3	60.1	64.8	43.2	20.7		
Minority Interests	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.9	2.9	5.5	3.1	4.4	5.4		
Other Non Current Liabilities	-	-	-	-	123.2	91.9		
Net financial debt	34.2	33.4	30.5	32.6	42.6	55.5		
Current Liabilities	13.1	11.8	14.9	14.8	10.9	14.0		
<b>Equity &amp; Total Liabilities</b>	<b>97.3</b>	<b>99.4</b>	<b>111.0</b>	<b>115.3</b>	<b>224.3</b>	<b>187.5</b>		
							CAGR	
<b>P&amp;L (EUR Mn)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>15-20</b>	<b>17-20</b>
<b>Total Revenues</b>	<b>140.8</b>	<b>147.7</b>	<b>155.5</b>	<b>156.7</b>	<b>145.3</b>	<b>101.9</b>	<b>-6.3%</b>	<b>-13.1%</b>
<i>Total Revenues growth</i>	<i>10.8%</i>	<i>4.9%</i>	<i>5.3%</i>	<i>0.7%</i>	<i>-7.3%</i>	<i>-29.9%</i>		
COGS	(48.0)	(53.1)	(49.9)	(53.7)	(47.0)	(44.0)		
<b>Gross Margin</b>	<b>92.8</b>	<b>94.6</b>	<b>105.7</b>	<b>103.0</b>	<b>98.3</b>	<b>57.9</b>	<b>-9.0%</b>	<b>-18.2%</b>
<i>Gross Margin (o/Revenues)</i>	<i>65.9%</i>	<i>64.1%</i>	<i>67.9%</i>	<i>65.7%</i>	<i>67.6%</i>	<i>56.8%</i>		
Personnel Expenses	(38.8)	(39.4)	(41.9)	(45.6)	(45.0)	(34.3)		
Other Operating Expenses	(36.2)	(39.2)	(41.9)	(45.0)	(18.7)	(11.8)		
<b>Recurrent EBITDA</b>	<b>17.8</b>	<b>16.0</b>	<b>21.9</b>	<b>12.5</b>	<b>34.6</b>	<b>11.8</b>	<b>-7.8%</b>	<b>-18.5%</b>
<i>Recurrent EBITDA growth</i>	<i>12.5%</i>	<i>-9.9%</i>	<i>36.3%</i>	<i>-43.0%</i>	<i>178.0%</i>	<i>-65.8%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>12.6%</i>	<i>10.9%</i>	<i>14.1%</i>	<i>8.0%</i>	<i>23.8%</i>	<i>11.6%</i>		
Restructuring Expense & Others	(0.1)	-	-	-	-	-		
<b>Depreciation &amp; Provisions</b>	<b>17.8</b>	<b>16.0</b>	<b>21.9</b>	<b>12.5</b>	<b>34.6</b>	<b>11.8</b>	<b>-7.8%</b>	<b>-18.5%</b>
Depreciation & Provisions	(4.9)	(5.4)	(6.0)	(6.7)	(7.0)	(6.5)		
Capitalized Expense	2.0	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	(19.0)	(16.3)		
<b>EBIT</b>	<b>14.9</b>	<b>10.6</b>	<b>15.9</b>	<b>5.8</b>	<b>8.6</b>	<b>(11.0)</b>	<i>n.a.</i>	<i>n.a.</i>
<i>EBIT growth</i>	<i>14.6%</i>	<i>-28.8%</i>	<i>49.8%</i>	<i>-63.7%</i>	<i>49.7%</i>	<i>-227.5%</i>		
<i>EBIT/Revenues</i>	<i>10.6%</i>	<i>7.2%</i>	<i>10.2%</i>	<i>3.7%</i>	<i>5.9%</i>	<i>n.a.</i>		
Impact of Goodwill & Others	-	-	-	-	-	-		
Net Financial Result	(5.6)	(2.3)	(2.5)	3.1	(9.9)	(12.8)		
Income by the Equity Method	-	-	-	-	-	-		
<b>Ordinary profit</b>	<b>9.3</b>	<b>8.3</b>	<b>13.4</b>	<b>8.9</b>	<b>(1.3)</b>	<b>(23.8)</b>	<i>n.a.</i>	<i>n.a.</i>
<i>Ordinary Profit Growth</i>	<i>-0.7%</i>	<i>-10.5%</i>	<i>61.6%</i>	<i>-33.8%</i>	<i>-114.6%</i>	<i>n.a.</i>		
Extraordinary Results	(1.1)	(1.4)	(0.9)	(0.4)	1.8	-		
<b>Profit Before Tax</b>	<b>8.2</b>	<b>6.9</b>	<b>12.5</b>	<b>8.5</b>	<b>0.5</b>	<b>(23.8)</b>	<i>n.a.</i>	<i>n.a.</i>
Tax Expense	(2.1)	(1.8)	(2.9)	(2.1)	(0.3)	(0.4)		
<i>Effective Tax Rate</i>	<i>25.8%</i>	<i>26.1%</i>	<i>23.4%</i>	<i>24.5%</i>	<i>57.7%</i>	<i>n.a.</i>		
Minority Interest	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-		
<b>Net Profit</b>	<b>6.1</b>	<b>5.1</b>	<b>9.6</b>	<b>6.4</b>	<b>0.2</b>	<b>(24.2)</b>	<i>n.a.</i>	<i>n.a.</i>
<i>Net Profit growth</i>	<i>-3.7%</i>	<i>-16.2%</i>	<i>87.5%</i>	<i>-33.2%</i>	<i>-96.9%</i>	<i>n.a.</i>		
<b>Ordinary Net Profit</b>	<b>6.9</b>	<b>6.1</b>	<b>10.3</b>	<b>6.7</b>	<b>(1.3)</b>	<b>(23.8)</b>	<i>n.a.</i>	<i>n.a.</i>
<i>Ordinary Net Profit growth</i>	<i>-11.1%</i>	<i>-11.3%</i>	<i>67.5%</i>	<i>-34.7%</i>	<i>-119.3%</i>	<i>n.a.</i>		
							CAGR	
<b>Cash Flow (EUR Mn)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>15-20</b>	<b>17-20</b>
<b>Recurrent EBITDA</b>	<b>17.8</b>	<b>16.0</b>	<b>21.9</b>	<b>12.5</b>	<b>34.6</b>	<b>11.8</b>	<b>-7.8%</b>	<b>-18.5%</b>
Rentals (IFRS 16 impact)	-	-	-	-	(19.0)	(16.3)		
Working Capital Increase	(8.3)	(4.6)	(5.7)	(1.6)	(13.3)	4.1		
<b>Recurrent Operating Cash Flow</b>	<b>9.5</b>	<b>11.4</b>	<b>16.2</b>	<b>10.9</b>	<b>2.4</b>	<b>-0.4</b>	<i>n.a.</i>	<i>n.a.</i>
Capex	(7.6)	(10.2)	(5.9)	(8.8)	(9.9)	(2.1)		
Net Financial Result affecting the Cash Flow	(1.3)	(1.1)	(1.0)	(1.1)	(8.9)	(7.2)		
Taxes	(2.1)	(1.8)	(2.9)	(2.1)	(0.3)	(0.4)		
<b>Recurrent Free Cash Flow</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>6.3</b>	<b>(1.2)</b>	<b>(16.7)</b>	<b>(10.0)</b>	<b>47.2%</b>	<i>n.a.</i>
Variation of indebtedness	7.0	(0.9)	(2.9)	2.1	10.0	12.9		
Net debt / EBITDA (x)	1.9	2.1	1.4	2.6	1.2	4.7		

Note 1: FY 2019 EBITDA is c. EUR 26.4Mn higher due to IFRS 16.

## Main Balance Sheet items breakdown

**Chart 1: Working Capital**



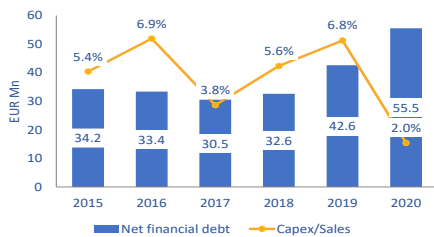
**Working Capital breakdown**

EUR Mn	2015	2016	2017	2018	2019	2020
Stocks	39.4	42.3	50.9	48.8	59.1	57.7
Clients	1.6	2.2	2.0	2.0	1.9	1.5
Suppliers	(6.2)	(3.4)	(3.6)	(4.6)	(3.2)	(5.1)
<b>Trade working capital</b>	<b>34.7</b>	<b>41.2</b>	<b>49.3</b>	<b>46.2</b>	<b>57.7</b>	<b>54.1</b>
Other Current Assets	0.5	0.2	0.7	4.3	3.4	4.3
Other Current liabilities	(6.8)	(8.5)	(11.3)	(10.2)	(7.7)	(8.9)
<b>Working Capital</b>	<b>28.4</b>	<b>33.0</b>	<b>38.7</b>	<b>40.3</b>	<b>53.5</b>	<b>49.5</b>
(Increase)/decre. In Inventories	(6.1)	(2.9)	(8.5)	2.0	(10.3)	1.4
(Increase)/decre. In Receivables	(0.7)	(0.7)	0.3	0.0	0.1	0.4
Increase/(decre.) In Payables	(1.0)	(2.9)	0.2	1.0	(1.4)	1.9
(Increase)/decre. In other ST assets	(0.1)	0.2	(0.5)	(3.6)	0.8	(0.9)
Increases/(decre.) In other ST liabilities	(0.3)	1.6	2.8	(1.1)	(2.6)	1.3
	<b>(8.3)</b>	<b>(4.6)</b>	<b>(5.7)</b>	<b>(1.6)</b>	<b>(13.3)</b>	<b>4.1</b>

**Working Capital o/Sales**

% s/Sales	2015	2016	2017	2018	2019	2020
Stocks	28.0%	28.7%	32.7%	31.2%	40.7%	56.6%
Clients	1.1%	1.5%	1.3%	1.3%	1.3%	1.4%
Suppliers	4.4%	2.3%	2.3%	2.9%	2.2%	5.0%
<b>Trade working capital</b>	<b>24.7%</b>	<b>27.9%</b>	<b>31.7%</b>	<b>29.5%</b>	<b>39.7%</b>	<b>53.1%</b>
Other Current Assets	0.3%	0.2%	0.4%	2.7%	2.4%	4.2%
Other Current liabilities	4.9%	5.7%	7.3%	6.5%	5.3%	8.8%
<b>Working Capital</b>	<b>20.2%</b>	<b>22.3%</b>	<b>24.9%</b>	<b>25.7%</b>	<b>36.8%</b>	<b>48.5%</b>

**Chart 2: Net Debt vs CAPEX/Sales**

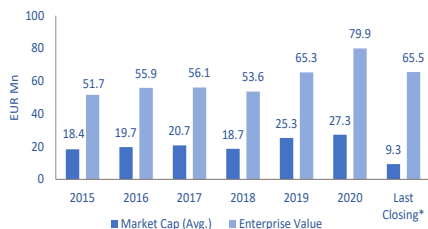


**Net financial debt and liquidity breakdown**

EUR Mn	2015	2016	2017	2018	2019	2020	1H21
L/T debt	8.8	5.0	4.0	5.9	14.0	32.7	30.5
Corporate debt	0.0	0.0	0.0	0.0	0.0	0.0	-
S/T debt	26.9	32.7	31.6	24.1	25.6	21.9	21.4
Other financial liabilities	14.5	12.2	9.9	7.1	6.1	6.8	9.7
<b>Total financial debt</b>	<b>50.2</b>	<b>49.9</b>	<b>45.5</b>	<b>37.2</b>	<b>45.7</b>	<b>61.4</b>	<b>61.6</b>
Cash	15.2	16.0	14.5	4.2	3.0	5.8	6.5
S/T Investments	0.8	0.5	0.4	0.4	0.1	0.1	0.1
<b>Cash and equivalents</b>	<b>15.9</b>	<b>16.5</b>	<b>15.0</b>	<b>4.6</b>	<b>3.1</b>	<b>5.9</b>	<b>6.6</b>
<b>Net Debt</b>	<b>34.2</b>	<b>33.4</b>	<b>30.5</b>	<b>32.6</b>	<b>42.6</b>	<b>55.5</b>	<b>55.0</b>
ND/EBITDA (x)*	1.9x	2.1x	1.4x	2.6x	1.2x	4.7x	2.6x
ND/BV (%)	72.7%	65.0%	50.8%	50.3%	98.6%	268.1%	280.6%
<b>Debt maturities</b>							
< 1 year	26.9	32.7	31.6	24.1	25.6	21.9	31.2
>1 year < 5	23.3	17.2	13.9	13.0	20.1	39.5	25.5
> 5 year	0.0	0.0	0.0	0.0	0.0	0.0	5.0

\*ND/EBITDA 1H21 calculated over LTM EBITDA

**Chart 3: Market Cap. vs EV**



**Average Enterprise Value (2014-2019)**

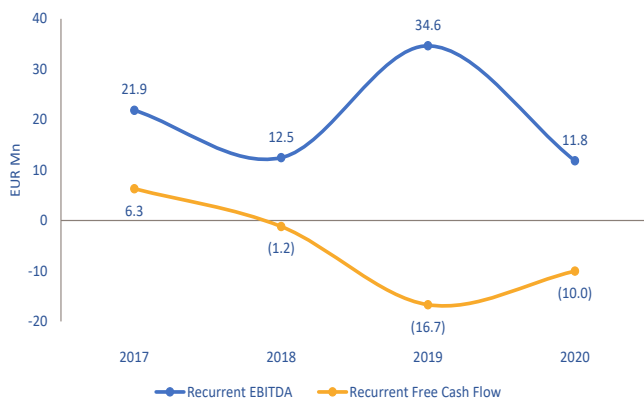
Enterprise Value	2015	2016	2017	2018	2019	2020	Last Closing*
Price per share (yearly avg.)	11.02	11.83	12.40	11.20	15.17	16.37	5.60
<b>Market Cap (Avg.)</b>	<b>18.4</b>	<b>19.7</b>	<b>20.7</b>	<b>18.7</b>	<b>25.3</b>	<b>27.3</b>	<b>9.3</b>
+ Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Provisions & Other L/T Liabilities	3.1	2.9	4.2	4.3	3.7	4.9	2.0
+ Net financial debt	30.7	33.8	31.9	31.5	37.6	49.1	55.0
- Financial Investments	-0.6	-0.5	-0.7	-0.9	-1.3	-1.3	-0.8
+/- Others EV adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>51.7</b>	<b>55.9</b>	<b>56.1</b>	<b>53.6</b>	<b>65.3</b>	<b>79.9</b>	<b>65.5</b>

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

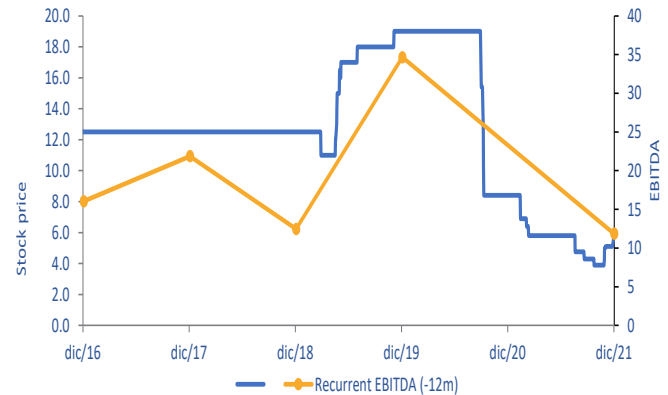


## Recurrent Free Cash Flow analysis

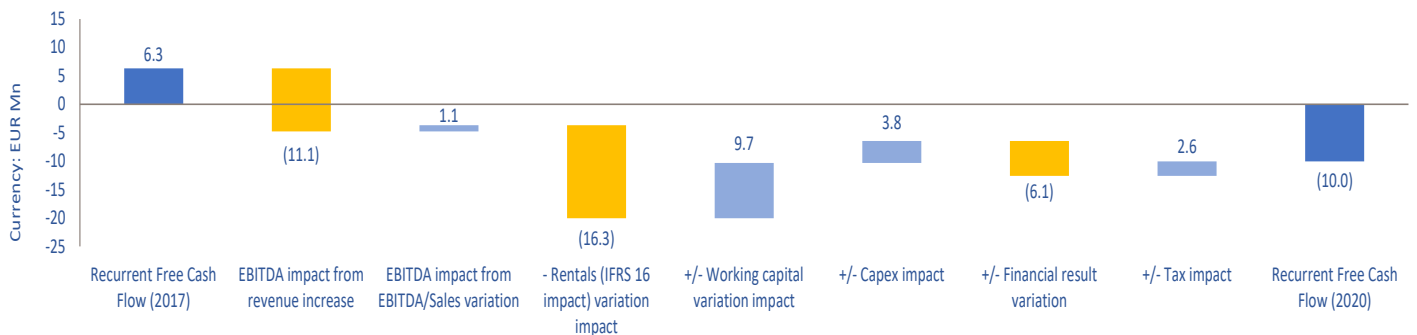
### Recurrent EBITDA vs Recurrent Free Cash Flow



### Stock performance vs EBITDA

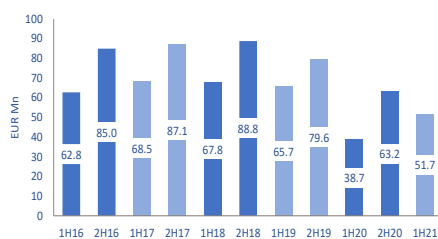


### Recurrent Free Cash Flow accumulated variation analysis (2017 - 2020)



## Seasonality and trends

### Chart 4: Half-year: Revenues



### Half year P&L: Seasonality

Half year P&L (EUR Mn)	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	1H21
Total Revenues	68.5	87.1	67.8	88.8	65.7	79.6	38.7	63.2	51.7
Revenues growth (YoY)	9.1%	2.5%	-0.9%	2.0%	-3.2%	-10.4%	-41.1%	-20.6%	33.6%
Recurrent EBITDA	5.8	16.1	4.4	8.1	17.5	17.1	-0.6	12.5	8.6
Rec. EBITDA growth	-16.9%	77.4%	-24.1%	-49.8%	297.3%	112.7%	-103.5%	-27.3%	n.a.
Rec. EBITDA/Revenues	8.5%	18.4%	6.5%	9.1%	26.7%	21.5%	n.a.	19.7%	16.6%
EBITDA	5.8	16.1	4.4	8.1	17.5	17.1	-0.6	12.5	8.6
EBITDA growth (YoY)	-16.9%	77.4%	-24.1%	-49.8%	297.3%	112.7%	-103.5%	-27.3%	n.a.
EBIT	2.7	12.2	1.0	4.4	4.0	4.6	-12.7	1.7	-1.6
EBIT growth (YoY)	-17.7%	107.6%	-64.6%	-64.2%	318.2%	4.9%	-415.1%	-63.3%	87.1%
EBIT/Revenues	4.0%	14.1%	1.4%	4.9%	6.1%	5.8%	n.a.	2.7%	n.a.
Net Profit	2.4	7.1	1.8	4.6	1.4	-1.2	-12.7	-11.5	-1.1
Net profit growth	-7.8%	190.8%	-25.4%	-35.9%	-22.8%	-126.5%	n.a.	-851.0%	91.2%

**5. "All the numbers"**

	2015	2016	2017	2018	2019	2020	CAGR	
							15-20	17-20
<b>MARKET DATA</b>								
Price per share	11.50	12.50	12.00	11.00	19.00	8.40		
Market capitalisation (EUR Mn)	19.2	20.8	20.0	18.3	31.7	14.0		
Avg. Daily Traded Volume (EUR Mn)	0.13	0.03	0.00	0.00	2.67	0.00		
<b>Performance</b>								
Absolute	0.0%	15.0%	8.7%	0.0%	52.0%	-55.8%	-6.1%	-11.2%
vs Ibxex 35	7.7%	17.4%	1.2%	17.6%	35.9%	-47.7%		
vs Sector benchmark	-7.4%	23.3%	12.0%	12.5%	13.8%	-59.6%		
<b>PER SHARE DATA</b>								
Adj. nº shares (Mn)	1.67	1.67	1.67	1.67	1.67	1.67	0.0%	0.0%
EPS (EUR)	3.65	3.06	5.74	3.83	0.12	-14.52	n.a.	n.a.
BVPS (reported)	28.27	30.81	36.04	38.90	25.92	12.43	-15.2%	-29.9%
Rec. FCF per share	-0.87	-1.00	3.79	-0.71	-10.02	-6.02	47.2%	n.a.
DPS (EUR)	0.00	0.50	1.50	0.00	0.00	0.00	n.a.	-100.0%
% pay-out	0.0%	16.3%	26.1%	0.0%	0.0%	0.0%		
<b>ENTERPRISE VALUE (EUR Mn)</b>								
Market capitalisation (EUR Mn)	19.2	20.8	20.0	18.3	31.7	14.0	-6.1%	-11.2%
+ Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0		
+ Provisions & Other L/T Liabilities	2.9	2.9	5.5	3.1	4.4	5.4		
+ Net financial debt	34.2	33.4	30.5	32.6	42.6	55.5		
- Financial Investments	-0.6	-0.4	-1.0	-0.8	-1.8	-0.7		
(-) Enterprise value (year-end)	55.7	56.7	55.1	53.2	76.9	74.1	5.9%	10.4%
<b>KEY FINANCIAL METRICS</b>								
<b>Year-on-year growth</b>								
Total Revenues	10.8%	4.9%	5.3%	0.7%	-7.3%	-29.9%		
Recurrent EBITDA	12.5%	-9.9%	36.3%	-43.0%	178.0%	-65.8%		
EBIT	14.6%	-28.8%	49.8%	-63.7%	49.7%	-227.5%		
Profit Before Tax	1.4%	-15.8%	80.9%	-32.3%	-94.5%	n.a.		
Net Profit	-3.7%	-16.2%	87.5%	-33.2%	-96.9%	n.a.		
EPS (EUR)	-3.7%	-16.2%	87.5%	-33.2%	-96.9%	n.a.		
<b>Margins (on revenue)</b>								
Recurrent EBITDA	12.6%	10.9%	14.1%	8.0%	23.8%	11.6%		
Gross margin	65.9%	64.1%	67.9%	65.7%	67.6%	56.8%		
EBIT	10.6%	7.2%	10.2%	3.7%	5.9%	n.a.		
Profit Before Tax	5.8%	4.7%	8.0%	5.4%	0.3%	n.a.		
Net Profit	4.3%	3.5%	6.1%	4.1%	0.1%	n.a.		
Ordinary Net Profit	4.9%	4.1%	6.6%	4.3%	n.a.	n.a.		
<b>Other key financial metrics</b>								
Income tax rate (>0 if income)	25.8%	26.1%	23.4%	24.5%	57.7%	n.a.		
Capex/Sales	5.4%	6.9%	3.8%	5.6%	6.8%	2.0%		
Working capital/Sales	20.2%	22.3%	24.9%	25.7%	36.8%	48.5%		
Capital Employed/Sales	59.4%	59.0%	61.2%	63.6%	60.8%	79.3%		
Net debt/EBITDA	1.9x	2.1x	1.4x	2.6x	1.2x	4.7x		
Net debt/Equity	72.7%	65.0%	50.8%	50.3%	98.6%	268.1%		
Assets (excash)/Equity	2.1x	1.9x	1.8x	1.8x	5.2x	9.1x		
ROE (reported)	13.8%	10.4%	17.2%	10.2%	0.4%	n.a.		
ROCE (reported)	14.3%	9.2%	13.3%	4.5%	9.2%	n.a.		
WACC	4.7%	4.1%	4.3%	4.4%	4.4%	4.3%		
<b>BALANCE SHEET (EUR Mn)</b>								
Fixed assets & Intangible	50.0	49.1	51.0	53.9	146.1	113.3		
Working capital	28.4	33.0	38.7	40.3	53.5	49.5		
Total assets (ex-cash)	97.3	99.4	111.0	115.3	224.3	187.5		
Equity	47.1	51.3	60.1	64.8	43.2	20.7		
Net debt / (cash)	34.2	33.4	30.5	32.6	42.6	55.5		
Capital Employed	83.7	87.2	95.1	99.7	88.4	80.9		
<b>PROFIT &amp; LOSS (EUR Mn)</b>								
Total Revenues	140.8	147.7	155.5	156.7	145.3	101.9	-6.3%	-13.1%
Recurrent EBITDA	17.8	16.0	21.9	12.5	34.6	11.8	-7.8%	-18.5%
Depreciation & Provisions	-4.9	-5.4	-6.0	-6.7	-7.0	-6.5		
EBIT	14.9	10.6	15.9	5.8	8.6	-11.0	n.a.	n.a.
Net Financial Result	-5.6	-2.3	-2.5	3.1	-9.9	-12.8		
Profit Before Tax	8.2	6.9	12.5	8.5	0.5	-23.8	n.a.	n.a.
Income tax rate (>0 if income)	-2.1	-1.8	-2.9	-2.1	-0.3	-0.4		
Minorities and discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0		
Net Profit	6.1	5.1	9.6	6.4	0.2	-24.2	n.a.	n.a.
Ordinary Net Profit	6.9	6.1	10.3	6.7	-1.3	-23.8	n.a.	n.a.
<b>CASH-FLOW (EUR Mn)</b>								
Recurrent EBITDA	17.8	16.0	21.9	12.5	34.6	11.8		
Rentals (IFRS 16 impact)	0.0	0.0	0.0	0.0	-19.0	-16.3		
Working Capital Increase	-8.3	-4.6	-5.7	-1.6	-13.3	4.1		
Capex	-7.6	-10.2	-5.9	-8.8	-9.9	-2.1		
Taxes	-2.1	-1.8	-2.9	-2.1	-0.3	-0.4		
Net Financial Result affecting the Cash Flow	-5.6	-2.3	-2.5	3.1	-9.9	-12.8		
Rec. Free Cash Flow to Equity (FCFE)	-1.4	-1.7	6.3	-1.2	-16.7	-10.0	47.2%	n.a.
Rec. Free Cash Flow to the Firm (FCFF)	-1.9	-1.6	6.6	0.6	-7.5	-2.5	5.7%	n.a.
<b>RATIOS Y MÚLTIPLOS</b>								
<b>Equity multiples</b>								
P/E	3.2x	4.1x	2.1x	2.9x	n.a.	n.a.		
Ord. P/E	2.8x	3.4x	1.9x	2.7x	n.a.	n.a.		
P/BV	0.4x	0.4x	0.3x	0.3x	0.7x	0.7x		
FCFE yield	n.a.	n.a.	31.6%	n.a.	n.a.	n.a.		
Dividend Yield (%)	0.0%	4.0%	12.5%	0.0%	0.0%	0.0%		
<b>Enterprise Value multiples</b>								
EV/Sales	0.4x	0.4x	0.4x	0.3x	0.5x	0.7x		
EV/EBITDA	3.1x	3.5x	2.5x	4.3x	2.2x	6.3x		
EV/EBIT	3.7x	5.3x	3.5x	9.2x	8.9x	n.a.		
EV/CE	0.7x	0.6x	0.6x	0.5x	0.9x	0.9x		
FCFF yield (to EV)	-3.4%	-2.8%	11.9%	1.1%	-9.8%	-3.4%		

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 (2021e)

		Multiples: Sector Apparel & Accessories retail						
EUR Mn		JD Sports Fashion Plc	LPP S.A.	OVS SpA	N Brown Group plc	Superdry PLC	Apranga APB	Average
Market data	Ticker (Factset)	JD-GB	LPP-PL	OVS-IT	BWNG-GB	SDRY-GB	APG1L-LT	
	Country	USA	UK	Italy	USA	United Kingdom	Lithuania	
	Market cap	13,188.7	6,915.5	751.2	220.3	262.4	108.9	
	Enterprise value (EV)	14,990.2	7,474.4	1,965.8	542.6	536.5	131.0	
Basic financial information	Total Revenues	9,691.1	2,895.6	1,351.4	865.1	796.6	183.8	
	Total Revenues growth	32.3%	69.6%	32.8%	-0.1%	20.6%	8.1%	27.2%
	2y CAGR (2021e - 2023e)	6.6%	24.4%	5.9%	n.a.	6.0%	n.a.	10.7%
	EBITDA	1,735.0	598.2	187.5	112.3	77.4	26.3	
	EBITDA growth	55.6%	124.9%	22.8%	17.1%	69.8%	-9.9%	46.7%
	2y CAGR (2021e - 2023e)	6.2%	17.0%	8.1%	n.a.	19.2%	n.a.	12.6%
	EBITDA/Revenues	17.9%	20.7%	13.9%	13.0%	9.7%	14.3%	14.9%
	EBIT	1,039.2	357.9	89.8	64.7	21.2	4.6	
	EBIT growth	91.8%	n.a.	278.8%	33.2%	219.0%	-48.2%	114.9%
	2y CAGR (2021e - 2023e)	5.1%	19.3%	17.3%	n.a.	61.2%	n.a.	25.7%
	EBIT/Revenues	10.7%	12.4%	6.6%	7.5%	2.7%	2.5%	7.1%
	Net Profit	656.9	256.8	31.8	n.a.	8.8	2.9	
	Net Profit growth	146.5%	720.9%	-9.1%	n.a.	120.5%	-41.2%	187.5%
2y CAGR (2021e - 2023e)	4.2%	19.9%	37.1%	n.a.	n.a.	n.a.	20.4%	
CAPEX/Sales %	4.8%	10.8%	5.0%	3.7%	3.4%	n.a.	5.5%	
Free Cash Flow	593.8	303.3	118.9	n.a.	(1.6)	n.a.		
Net financial debt	884.2	551.9	437.6	327.7	(28.1)	n.a.		
ND/EBITDA (x)	0.5	0.9	2.3	2.9	n.a.	n.a.	1.7	
Pay-out	6.6%	65.0%	0.0%	n.a.	7.1%	n.a.	19.7%	
Multiples and Ratios	P/E (x)	20.7	25.7	17.2	6.3	24.9	39.6	22.4
	P/BV (x)	6.4	9.5	0.7	0.4	2.2	n.a.	3.9
	EV/Revenues (x)	1.5	2.6	1.5	0.6	0.7	0.7	1.3
	EV/EBITDA (x)	8.6	12.5	10.5	4.8	6.9	5.0	8.1
	EV/EBIT (x)	14.4	20.9	21.9	8.4	25.3	28.5	19.9
	ROE	31.1	37.0	4.0	7.1	8.8	n.a.	17.6
	FCF Yield (%)	4.5	4.4	15.8	n.a.	n.a.	n.a.	8.2
	DPS	0.01	90.88	0.00	0.01	0.01	n.a.	18.18
Dvd Yield	0.3%	2.4%	0.0%	2.2%	0.2%	n.a.	1.1%	

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

EUR Mn	Ticker (Factset)	Market cap	P/E ord. 2020	EPS 20-22e CAGR	P/B 2020	ROE 2020	EV/EBITDA 2020	EBITDA 20-22e CAGR	EV/sales	Sales 20-22e CAGR	2020 EBIT margin	FCFE yield	FCFE 20-22e CAGR
JD Sports Fashion Plc	JD-GB	13,189	26.0x	23.3%	8.5x	18.3%	10.3x	27.3%	1.6x	18.8%	7.4%	11.5%	-13%
LPP S.A.	LPP-PL	6,916	29.6x	n.a.	10.4x	-6.0%	14.6x	60.3%	2.3x	45.8%	1.9%	0.6%	305%
OVS SpA	OVS-IT	749	4.8x	2.1%	0.8x	4.7%	10.5x	16.6%	1.6x	20.0%	n.a.	2.3%	226%
N Brown Group plc	BWNG-GB	219	9.5x	6.2%	0.4x	2.3%	8.3x	12.2%	0.9x	2.3%	5.6%	44.8%	n.a.
Superdry PLC	SDRY-GB	262	n.a.	n.a.	2.4x	-35.5%	10.1x	48.5%	0.7x	14.5%	n.a.	19.1%	-29%
Apranga APB	APG1L-LT	109	14.9x	-25.0%	1.7x	8.1%	6.2x	n.a.	1.1x	5.3%	5.2%	32.2%	n.a.
<b>Average</b>			<b>14.4x</b>	<b>1.7%</b>	<b>3.8x</b>	<b>-0.2%</b>	<b>7.0x</b>	<b>33.0%</b>	<b>1.4x</b>	<b>17.8%</b>	<b>5.0%</b>	<b>18.1%</b>	<b>122.3%</b>
<b>Median</b>			<b>14.9x</b>	<b>4.2%</b>	<b>2.4x</b>	<b>4.7%</b>	<b>10.1x</b>	<b>27.3%</b>	<b>1.6x</b>	<b>16.6%</b>	<b>5.4%</b>	<b>16.1%</b>	<b>106.5%</b>
Liwe Espanola, S.A.	LIW-ES	9.3	n.a.	n.a.	0.7x	n.a.	6.3x	n.a.	0.7x	n.a.	n.a.	-3.4%	n.a.

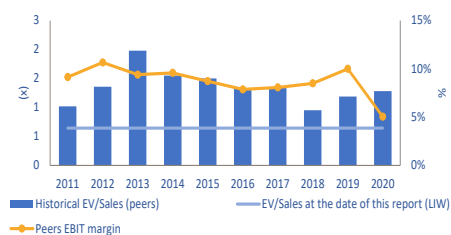
Note: Historical multiples (backward-looking) calculated from trading prices at the year close. Mkt. cap at the date of this report.

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

EUR Mn	Ticker (Factset)	Market cap	P/E ord. 2021e	EPS 21e-23e CAGR	P/B 2021e	ROE 2021e	EV/EBITDA 2021e	EBITDA 21e-23e CAGR	EV/sales 2021e	Sales 21e-23e CAGR	2021e EBIT margin	FCFE yield 2021e	FCFE 21e-23e CAGR
JD Sports Fashion Plc	JD-GB	13,189	20.7x	4.7%	6.4x	31.1%	8.6x	6.2%	1.5x	6.6%	10.7%	4.5%	29%
LPP S.A.	LPP-PL	6,916	25.7x	17.0%	9.5x	37.0%	12.5x	17.0%	2.6x	24.4%	12.4%	4.4%	22%
OVS SpA	OVS-IT	749	17.2x	26.2%	0.7x	4.0%	10.5x	8.1%	1.5x	5.9%	6.6%	15.9%	-32%
N Brown Group plc	BWNG-GB	219	6.3x	n.a.	0.4x	7.1%	4.8x	n.a.	0.6x	n.a.	7.5%	n.a.	n.a.
Superdry PLC	SDRY-GB	262	24.9x	83.4%	2.2x	8.8%	6.9x	19.2%	0.7x	6.0%	2.7%	n.a.	n.a.
Apranga APB	APG1L-LT	109	39.6x	n.a.	n.a.	n.a.	5.0x	n.a.	0.7x	n.a.	2.5%	n.a.	n.a.
<b>Average</b>			<b>22.4x</b>	<b>32.8%</b>	<b>3.9x</b>	<b>17.6%</b>	<b>8.1x</b>	<b>12.6%</b>	<b>1.3x</b>	<b>10.7%</b>	<b>7.1%</b>	<b>8.3%</b>	<b>6.1%</b>
<b>Median</b>			<b>22.8x</b>	<b>21.6%</b>	<b>2.2x</b>	<b>8.8%</b>	<b>7.8x</b>	<b>12.5%</b>	<b>1.1x</b>	<b>6.3%</b>	<b>7.1%</b>	<b>4.5%</b>	<b>21.6%</b>

## "Theoretical" valuation exercises with multiples

Chart 1: EV/Sales valuation inputs



"Theoretical" valuation exercise based on EV/Sales (2020) (\*)

Valuation inputs		2019	
Sector EBIT Mg.	10.0%	Theoretical EV/Sales	0.80
Company EBIT Margin (***)	5.9%	* 2020 Sales	101.9
<b>Adjustment factor</b>	<b>0.59</b>	<b>= Company EV Valuation</b>	<b>81.6</b>
Sector EV/Sales (-10y avg.)	1.3	- Minority Interests	-
* Adjustment Factor	0.59	- Provisions & Other L/T Liabilities	2.0
<b>Company Theoretical EV/Sales vs 2020 Company EV/Sales</b>	<b>0.64</b>	- Net financial debt	55.0
<b>Premium / (Discount) o/ EV/Sales</b>	<b>-19.7%</b>	+ Financial Investments	0.8
		+/- Others EV adjustments	-
		<b>= Equity valuation (**)</b>	<b>25.4</b>
		vs Mkt Cap at the date of this report	9.3
		<b>Premium / (Discount)</b>	<b>-63.3%</b>

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		
		4.9%	5.9%	6.9%			4.9%	5.9%	6.9%
EV/Sales Premium	-10%	0.60	0.72	0.84	EV/Sales Premium	-10%	90.7%	-45.9%	-68.5%
	0%	0.67	<b>0.80</b>	0.94		0%	-20.1%	<b>-63.3%</b>	-76.2%
	10%	0.73	0.88	1.03		10%	-49.4%	-72.2%	-80.8%

(\*) 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 1H21.

(\*\*\*) Given the EBIT losses in 2020 we have used the EBIT margin for 2019 as a strictly theoretical reference for purposes of our EV/sales valuation. Consequently the result of this theoretical valuation exercise depends, among other factors, on the company's real ability to recover the profitability levels seen in 2019.

### Other ratios and valuation multiples (2020)

	Equity multiples		Enterprise Value multiples		Free Cash Flow Yield
	P/E	P/BV	EV/EBITDA	EV/EBIT	FCF to Equity
LIW	n.a.	0.7	6.3	n.a.	n.a.
Sector	22.1	2.6	9.6	16.6	16.9%
<b>Premium / Discount</b>	<b>n.a.</b>	<b>-74.4%</b>	<b>-34.7%</b>	<b>n.a.</b>	<b>n.a.</b>

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

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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

