

6m Results 2020

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Ana Isabel González García, CIIA – ana.gonzalez@lighthouse-ieaf.com

+34 915 904 226

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.25% of capital). The Solans family (Grupo Pikolin; c.30%), its reference shareholder.

Market Data

Market Cap (Mn EUR and USD)	27.0	31.5
EV (Mn EUR and USD) ⁽²⁾	30.9	36.0
Shares Outstanding (Mn)	16.9	
-12m (Max/Med/Mín EUR)	1.70 / 1.59 / 0.97	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	6.3	
Thomson Reuters / Bloomberg	PANGO.MC / PANG SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

Solans Family	31.3
Founders	25.9
GPI (Domínguez Family, Mayoral)	14.1
Vidaro Inv. (Villagrà Blanco Family)	6.6
Free Float	22.2

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	15.0	16.9	16.9	16.9
Total Revenues	3.3	4.7	6.7	7.4
Rec. EBITDA	-1.7	-0.3	0.8	1.2
% growth	25.3	81.9	361.2	46.9
% Rec. EBITDA/Rev.	n.a.	n.a.	12.3	16.3
% Inc. EBITDA sector ⁽⁴⁾	-20.0	-3.2	4.2	8.0
Net Profit	-4.8	0.1	0.7	1.1
EPS (EUR)	-0.32	0.00	0.04	0.06
% growth	-286.4	101.1	n.a.	48.9
Ord. EPS (EUR)	-0.33	-0.02	0.04	0.06
% growth	-109.5	94.7	316.3	55.1
Rec. Free Cash Flow ⁽⁵⁾	-1.9	-0.5	0.8	1.0
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	5.5	5.9	5.0	3.9
ND/Rec. EBITDA (x)	n.a.	n.a.	6.0	3.2
ROE (%)	n.a.	0.7	8.2	11.1
ROCE (%) ⁽⁵⁾	n.a.	1.4	5.8	8.2

Ratios & Multiples (x) ⁽⁶⁾

	2019	2020e	2021e	2022e
P/E	n.a.	n.a.	37.9	25.4
Ord. P/E	n.a.	n.a.	42.2	27.2
P/BV	3.2	3.2	3.0	2.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	9.32	6.57	4.61	4.16
EV/Rec. EBITDA	n.a.	n.a.	37.5	25.5
EV/EBIT	n.a.	n.a.	34.1	24.4
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	3.0	3.6

(1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).

(2) Please refer to Appendix 3.

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

(4) Sector: TR Europe Biotechnology & Medical Research.

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

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

(7) Founders: Topgenetics (Dr. Rafael Rosell Costa) 9.9%, BIOsense (Javier Rivela Rodríguez) 8.9%, Biolifepat (Dr. Santiago Ramón y Cajal Agüeras) 3.5%, Maectorax (Dr. José Antonio Maestre Alcácer) 3.5%

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

Results in line, accompanied by enhanced business visibility

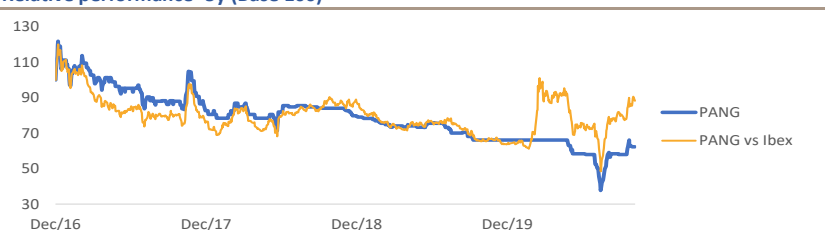
REVENUES +30.4% Y/Y (EUR 2.0MN), underpinned by higher turnover from corporate services (EUR 0.9Mn, c.+2x y/y) and the recent positioning in COVID-19 (5,020 tests carried out in June). Turnover for medical services in oncology remains flat vs. -1y (EUR 1.1Mn), the fall in surgical activity (c. -25% y/y; c. 5% of 1H20 consolidated revenues) being offset by the increase in oncological appointments (+3.4% y/y). Good performance by the other activity indicators: +1.8x y/y in biological samples taken and capacity to strengthen the client portfolio in the current context (71 pharma clients; +14.5% y/y).

WITH AN IMPROVEMENT IN REC. EBITDA (EUR -0.4MN, +52.7%): thanks to the favourable revenue mix. Turnover from corporate services (with higher added value) contributed 46.2% of revenues (+16.1p.p. y/y), offsetting the slight increase in operating costs (+3.8% y/y). Besides this, investment in research (centred on molecular diagnostics) has remained stable (EUR 1.0Mn in capitalised R+D expenses, +1.7% y/y), reflecting the efforts made to control costs.

LEADING TO AN IMPROVEMENT IN THE RESULT (NP EUR -0.6Mn, +59.5% Y/Y), to which lower amortisation (-18.4% y/y, after the intangible asset impairments made in 2019) and the reduction of financial expenses (-65.6% y/y, after the increase in capital in 1H19 to offset credit balances with related parties) also contributed.

HIGHER DEBT (EUR 6.7Mn, +20.3% Y/Y), as a result of the increase in working capital investment (EUR -1.1Mn y/y in CF), due to the necessary stockpiling for the new "Covid-19" business line (PCR, ELISA and quick diagnostic tests).

RESULTS IN LINE, ACCOMPANIED BY GREATER BUSINESS VISIBILITY, ALLOWING US TO MAINTAIN OUR ESTIMATES. In addition to the contracts signed with Roche (oncology) and Pharma Mar and In3Bio (the last two in Covid-19), PANG has just announced a new agreement with the US company Turning Point Therapeutics (EUR 1.3Mn; TOTEM phase I clinical trial in non-small cell lung cancer). This agreement, in addition to strengthening PANG's positioning in the liquid biopsy market, will bring in c. EUR 0.4Mn (4Q), and increase the contract portfolio pending of execution (with the pharma industry) > EUR 4.5Mn, providing greater visibility for consolidated revenues and EBITDA.

Relative performance -5y (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	7.4	18.5	-5.9	-5.9	-25.6	n.a.
vs Ibex 35	10.1	23.8	33.3	36.5	18.2	n.a.
vs Ibex Small Cap Index	10.6	13.1	-0.7	1.6	-28.3	n.a.
vs Eurostoxx 50	13.5	24.6	13.0	16.7	-9.1	n.a.
vs Sector benchmark ⁽⁴⁾	11.5	20.6	-32.2	-27.1	-58.8	n.a.

Pangaea Oncology (PANG) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.120 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).

6M 2020 Results

Results table

EUR Mn	1H20	1H19	1H20 vs 1H19	2020	2020 vs 2019
Total Revenues	2.0	1.6	30.4%	4.7	41.9%
Medical services	1.1	1.1	0.4%	2.5	10.8%
Corporate Services (DX)	0.9	0.5	99.9%	2.2	46.0%
Rec. EBITDA⁽¹⁾	-0.4	-0.8	52.7%	-0.3	81.9%
<i>Rec. EBITDA / Rev.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
EBITDA	-1.4	-0.7	-105.5%	0.0	102.5%
<i>EBITDA / Rev.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.9%</i>	<i>n.a.</i>
EBIT	-4.8	-1.2	-299.1%	0.2	108.9%
EBT	-0.7	-1.4	51.0%	0.1	101.3%
NP	-0.6	-1.4	59.5%	0.1	101.2%
Ordinary NP	-0.6	-1.4	59.5%	-0.3	94.1%
Rec. FCF	-1.5	-0.8	-80.5%		
Net Debt	6.7	5.6	20.3%		
ND/Equity	0.9 x	0.6 x	0.3 x		

(1) Excludes capitalizations and non recurrent expenses.

Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(1.0)	0.5	0.7	n.a.			
Market Cap	27.0	At the date of this report					
Net financial debt	6.7	Debt net of Cash (6m Results 2020)					
					Best Case	Worst Case	
Cost of Debt	2.0%	Net debt cost			1.7%	2.2%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.4%	1.8%	
Risk free rate (rf)	0.1%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%	
Beta (B)	1.4	B (Thomson Reuters and Lighthouse)			1.3	1.5	
Cost of Equity	12.7%	Ke = Rf + (R * B)			11.2%	14.4%	
Equity / (Equity + Net Debt)	80.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	20.0%	D			=	=	
WACC	10.5%	WACC = Kd * D + Ke * E			9.2%	11.9%	
G "Fair"	2.5%				2.5%	2.0%	

(1) The terminal value, calculated on the last estimated FCF, does not reflect the company's growth potential at the issue date of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker	Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
Molecular Diagnostic Laboratories				1.9	16.3%	n.a.	50.6%	12.5	39.8%	13.8%	n.a.	31.8%
Exact Sciences Corp	EXAS.O		16,652.9	n.a.	70.4%	n.a.	50.2%	13.8	23.5%	n.a.	n.a.	52.1%
Guardant Health Inc	GH.O		8,993.8	n.a.	30.0%	n.a.	45.4%	34.7	31.2%	n.a.	n.a.	43.4%
Neogenomics Inc.	NEO.O		3,645.7	n.a.	n.a.	n.a.	82.4%	9.3	14.9%	7.7%	n.a.	n.a.
Biocartis	BCART.BR		220.0	n.a.	18.8%	n.a.	27.2%	5.1	40.5%	n.a.	n.a.	21.5%
Atrys Health	ATRY.MC		260.9	n.a.	n.a.	n.a.	n.a.	17.3	n.a.	20.0%	n.a.	n.a.
MDXHEALTH SA	MDXH.BR		66.2	n.a.	18.4%	n.a.	47.8%	2.9	33.2%	n.a.	n.a.	10.1%
Biocept	BIOC.O		50.1	1.9	-56.0%	n.a.	n.a.	4.5	95.8%	n.a.	n.a.	n.a.
Advanced Medical Equipment				29.0	10.6%	22.2	9.1%	6.7	6.7%	30.6%	3.1%	15.7%
Thermo Fischer	TMO		163,625.1	26.2	4.9%	21.6	2.4%	6.8	4.3%	31.2%	3.0%	15.5%
Danaher	DHR		141,856.4	38.6	13.9%	29.4	13.1%	8.5	10.2%	28.9%	2.7%	15.4%
Becton Dickinson	BDX		58,469.5	23.6	16.1%	18.2	15.2%	5.0	6.5%	27.4%	4.1%	10.4%
Agilent	A		27,875.1	32.6	13.4%	24.2	9.0%	6.4	7.4%	26.5%	2.5%	19.5%
Qiagen	QGEN.K		9,649.7	23.8	4.6%	17.7	5.7%	6.9	5.3%	38.9%	3.4%	17.9%
Global Leader												
ROCHE	ROG.S		245,218.4	15.6	7.3%	11.0	6.3%	4.5	3.9%	40.8%	5.9%	10.1%
PANG	PANGO.MC		27.0	n.a.	n.a.	n.a.	n.a.	6.6	25.7%	0.9%	n.a.	n.a.

Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	13.5%	0.9	34.2x
Central	12.3%	0.8	37.5x
Min	11.1%	0.7	41.5x

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

Rec. FCF EUR Mn	CAPEX/Sales 21e			Scenario	Rec. FCF/Yield 21e		
EBITDA 21e	1.8%	2.0%	2.2%		Max	3.3%	3.3%
0.9	0.9	0.9	0.9	Central	3.0%	3.0%	2.9%
0.8	0.8	0.8	0.8	Min	2.7%	2.7%	2.6%
0.7	0.7	0.7	0.7				

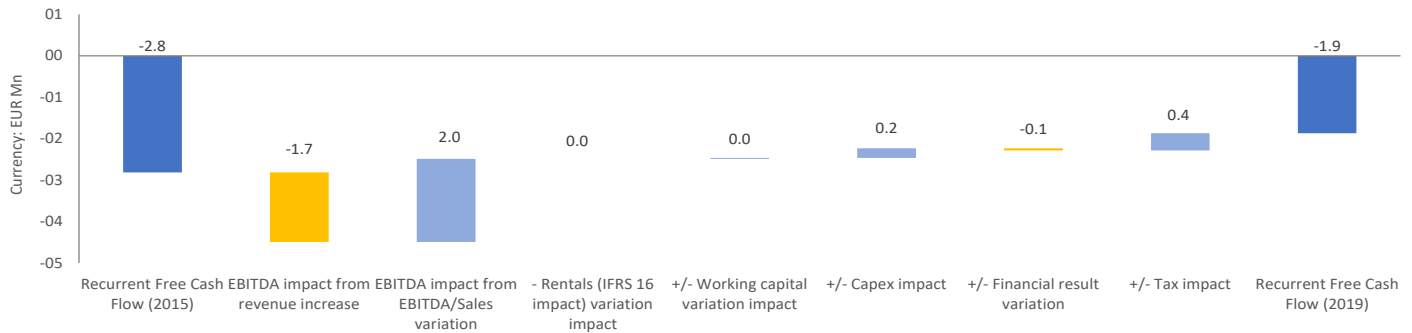
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	6.5	8.2	10.0	10.3	7.1	7.3	7.5	7.6		
Fixed assets	0.6	0.9	0.9	0.8	0.6	0.9	0.9	0.9		
Other Non Current Assets	2.2	2.7	4.0	3.8	4.0	3.6	3.2	2.9		
Financial Investments	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
Goodwill & Other Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Current assets	1.4	1.8	2.4	3.6	3.6	3.8	4.2	4.6		
Total assets	10.9	13.7	17.4	18.5	15.4	15.7	15.8	15.9		
Equity	1.1	6.0	5.0	8.5	8.3	8.4	9.1	10.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.1	0.4	0.4	0.3	0.3	0.3	0.3		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	8.5	4.8	10.7	8.0	5.5	5.9	5.0	3.9		
Current Liabilities	1.3	2.8	1.3	1.6	1.3	1.2	1.5	1.6		
Equity & Total Liabilities	10.9	13.7	17.4	18.5	15.4	15.7	15.8	15.9		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Total Revenues	1.9	2.5	2.6	3.1	3.3	4.7	6.7	7.4	14.2%	30.9%
<i>Total Revenues growth</i>	13.5%	29.2%	4.1%	16.7%	8.4%	41.9%	42.6%	10.8%		
COGS	(1.1)	(2.1)	(2.8)	(1.4)	(1.1)	(1.1)	(1.8)	(1.9)		
Gross Margin	0.8	0.4	(0.2)	1.7	2.2	3.6	5.0	5.5	27.6%	35.5%
<i>Gross Margin/Revenues</i>	42.9%	16.3%	n.a.	54.5%	66.9%	77.3%	73.9%	74.2%		
Personnel Expenses	(1.7)	(2.3)	(2.8)	(2.7)	(2.7)	(2.8)	(3.0)	(3.1)		
Other Operating Expenses	(1.2)	(1.4)	(1.4)	(1.3)	(1.3)	(1.1)	(1.2)	(1.2)		
Recurrent EBITDA	(2.1)	(3.3)	(4.5)	(2.3)	(1.7)	(0.3)	0.8	1.2	4.2%	39.2%
<i>Recurrent EBITDA growth</i>	-24.0%	-60.5%	-34.3%	47.7%	25.3%	81.9%	361.2%	46.9%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.3%	16.3%		
Restructuring Expense & Other non-rec.	0.1	0.0	(0.1)	0.3	0.0	0.4	0.1	0.1		
EBITDA	(2.0)	(3.3)	(4.5)	(2.1)	(1.7)	0.0	0.9	1.3	2.8%	39.9%
Depreciation & Provisions	(0.9)	(0.9)	(1.8)	(2.4)	(2.7)	(1.6)	(1.6)	(1.5)		
Capitalized Expense	1.8	2.7	3.7	2.6	2.2	1.8	1.6	1.5		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(1.0)	(1.5)	(2.6)	(1.8)	(2.3)	0.2	0.9	1.3	-23.9%	36.6%
<i>EBIT growth</i>	8.4%	-52.7%	-74.8%	30.3%	-26.7%	108.9%	345.8%	39.5%		
<i>EBIT/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	4.3%	13.5%	17.0%		
Impact of Goodwill & Others	-	(0.0)	(0.1)	0.0	(2.5)	-	-	-		
Net Financial Result	(0.1)	(0.2)	(0.4)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(1.1)	(1.7)	(3.1)	(2.1)	(5.0)	0.1	0.8	1.1	-45.5%	30.7%
<i>Ordinary Profit Growth</i>	-0.1%	-55.9%	-81.8%	32.4%	-134.2%	101.3%	n.a.	48.9%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(1.1)	(1.7)	(3.1)	(2.1)	(5.0)	0.1	0.8	1.1	-45.5%	30.7%
Tax Expense	0.6	1.1	1.5	0.9	0.1	(0.0)	(0.1)	(0.1)		
<i>Effective Tax Rate</i>	n.a.	n.a.	n.a.	n.a.	n.a.	7.5%	7.5%	7.5%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(0.5)	(0.6)	(1.6)	(1.3)	(4.8)	0.1	0.7	1.1	-77.6%	30.4%
<i>Net Profit growth</i>	-147.7%	-22.2%	-177.0%	23.9%	-286.4%	101.2%	n.a.	48.9%		
Ordinary Net Profit	(1.2)	(1.8)	(3.1)	(2.4)	(5.0)	(0.3)	0.6	1.0	-41.8%	30.0%
<i>Ordinary Net Profit growth</i>	-4.2%	-42.2%	-76.2%	22.9%	-109.5%	94.1%	316.3%	55.1%		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Recurrent EBITDA						(0.3)	0.8	1.2	4.2%	39.2%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.3)	(0.1)	(0.2)		
Recurrent Operating Cash Flow						-0.6	0.7	1.0	3.8%	35.1%
CAPEX						(0.1)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.1)		
Tax Expense						0.4	0.3	0.3		
Recurrent Free Cash Flow						(0.5)	0.8	1.0	9.7%	36.2%
Restructuring Expense & Other non-rec.						0.4	0.1	0.1		
- Acquisitions / + Divestures of assets						(0.2)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(0.4)	0.9	1.1	10.5%	37.4%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						0.4	(0.9)	(1.1)		

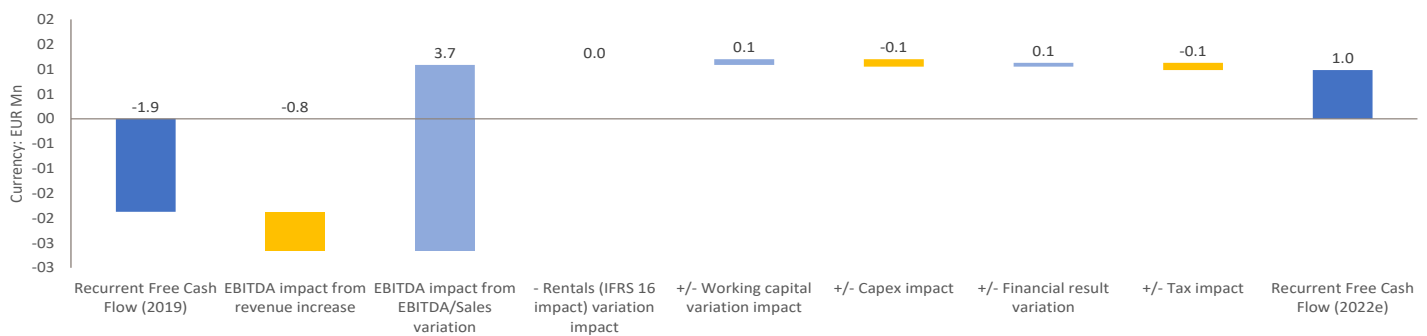
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	(3.3)	(4.5)	(2.3)	(1.7)	(0.3)	0.8	1.2	19.3%	39.2%
<i>Recurrent EBITDA growth</i>	-60.5%	-34.3%	47.7%	25.3%	81.9%	361.2%	46.9%		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	12.3%	16.3%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	1.1	(2.1)	(0.8)	(0.4)	(0.3)	(0.1)	(0.2)		
= Recurrent Operating Cash Flow	(2.2)	(6.6)	(3.2)	(2.1)	(0.6)	0.7	1.0	2.2%	35.1%
<i>Rec. Operating Cash Flow growth</i>	8.3%	-193.7%	51.8%	33.9%	69.7%	217.6%	30.5%		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	11.1%	13.1%		
- CAPEX	(0.5)	(0.2)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.4)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)		
- Taxes	-	0.4	0.4	0.4	0.4	0.3	0.3		
= Recurrent Free Cash Flow	(3.0)	(6.8)	(3.1)	(1.9)	(0.5)	0.8	1.0	14.9%	36.2%
<i>Rec. Free Cash Flow growth</i>	-7.7%	-124.1%	54.2%	40.0%	74.7%	268.8%	22.7%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	11.9%	13.2%		
- Restructuring expenses & others	0.2	1.0	0.4	0.1	0.4	0.1	0.1		
- Acquisitions / + Divestments	-	-	-	-	(0.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(2.8)	(5.8)	(2.7)	(1.8)	(0.4)	0.9	1.1	13.9%	37.4%
<i>Free Cash Flow growth</i>	-0.3%	-108.4%	53.0%	34.9%	79.8%	343.7%	20.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	3.0%	3.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	3.3%	3.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(2.8)	(3.0)	(6.8)	(3.1)	(1.9)	(0.5)	0.8		
EBITDA impact from revenue increase	(0.6)	(0.1)	(0.7)	(0.2)	(0.7)	(0.1)	0.1		
EBITDA impact from EBITDA/Sales variation	(0.6)	(1.0)	2.9	0.8	2.2	1.3	0.3		
= Recurrent EBITDA variation	(1.3)	(1.1)	2.1	0.6	1.4	1.1	0.4		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.5	(3.2)	1.3	0.5	0.0	0.2	(0.2)		
= Recurrent Operating Cash Flow variation	0.2	(4.3)	3.4	1.1	1.5	1.4	0.2		
+/- CAPEX impact	(0.3)	0.4	0.1	0.0	(0.1)	(0.0)	(0.0)		
+/- Financial result variation	(0.1)	(0.2)	0.1	0.2	0.1	0.0	0.0		
+/- Tax impact	-	0.4	0.0	(0.0)	(0.0)	(0.1)	(0.1)		
= Recurrent Free Cash Flow variation	(0.2)	(3.8)	3.7	1.2	1.4	1.3	0.2		
Recurrent Free Cash Flow	(3.0)	(6.8)	(3.1)	(1.9)	(0.5)	0.8	1.0		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	(1.5)	(2.6)	(1.8)	(2.3)	0.2	0.9	1.3	-15.5%	36.6%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	7.5%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	(0.1)	(0.1)		
Recurrent EBITDA	(3.3)	(4.5)	(2.3)	(1.7)	(0.3)	0.8	1.2	19.3%	39.2%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	1.1	(2.1)	(0.8)	(0.4)	(0.3)	(0.1)	(0.2)		
= Recurrent Operating Cash Flow	(2.2)	(6.6)	(3.2)	(2.1)	(0.6)	0.7	1.0	2.2%	35.1%
- CAPEX	(0.5)	(0.2)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)	-	-	-	-	-	(0.1)	(0.1)		
= Recurrent Free Cash Flow (To the Firm)	(2.8)	(6.7)	(3.2)	(2.1)	(0.7)	0.5	0.7	9.1%	32.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-4.2%	-141.5%	52.5%	34.5%	65.3%	174.6%	34.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	8.1%	9.8%		
- Acquisitions / + Divestments	-	-	-	-	(0.2)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(2.8)	(6.7)	(3.2)	(2.1)	(1.0)	0.5	0.7	9.1%	32.9%
<i>Free Cash Flow (To the Firm) growth</i>	-4.2%	-141.5%	52.5%	34.5%	53.6%	155.8%	34.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.8%	2.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.8%	2.4%		

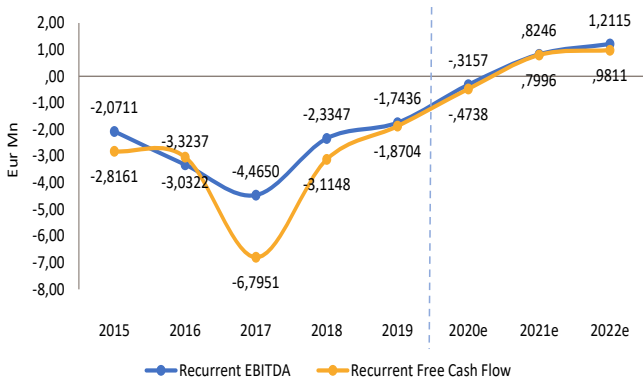
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



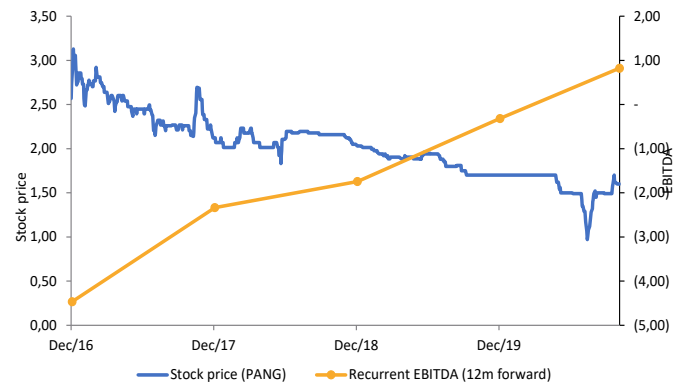
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



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	27.0	
+ Minority Interests	-	6m Results 2020
+ Provisions & Other L/T Liabilities	0.2	6m Results 2020
+ Net financial debt	6.7	6m Results 2020
- Financial Investments	0.0	6m Results 2020
+/- Others	(3.1)	6m Results 2020
Enterprise Value (EV)	30.9	

Note: Others include tax loss carryforwards.

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Nov-2020	n.a.	1.60	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
16-Oct-2020	n.a.	1.58	n.a.	n.a.	Initial Coverage	Ana Isabel González García, CIIA

