

EQUITY - SPAIN
Sector: Software

Closing price: EUR 0.23 (28 Dec 2023)
Report date: 29 Dec 2023 (13:15h)

Estimates downgrade
Independent Equity Research

Substrate AI (SAI), is a small Spanish AI tech company based on reinforcement learning, with headquarters in Valencia. SAI develops and sells its own products and solutions under a SaaS model. Listed on BME Growth since May 2022.

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2024e, the "key" to whether SAI can deliver meaningful growth in AI

2023E ESTIMATES: EUR 6.5Mn OF REVENUE... SAI just released its new guidance for 2023e, estimating revenue of EUR 6.5Mn (vs our previous estimate of c. EUR 7Mn) factoring in the impact of M&A. We are estimating c. EUR 2Mn. This would mean organic growth in revenue of c. EUR 4.5Mn (vs SAI's estimate of EUR 5.9Mn for 2023e). We are cutting our estimates.

...AND A SHARP DROP IN EBITDA TO C. EUR -7Mn (EX-CAPITALISED EXPENDITURES). SAI is estimating EBITDA for 2023e of EUR -7.0Mn (vs its previous estimate of EUR 2.9Mn). The drop in operating profit is the result of the major increase in other operating expenses to EUR 10.2Mn (vs SIA's previous estimate of EUR 4.0Mn), partly affected by the cost of Aquis Stock Exchange's IPO and advisory fees for M&A deals (EUR 0.6Mn). And for the significant investment in the development of AI solutions. We are cutting our estimates.

FINANCED VIA RIGHTS ISSUES. As a start-up that we think is unlikely to be able to generate positive cash for the next three years, dilution risk of new rights issues is high. SAI recently announced a rights issue entailing a cash contribution by the Impulse Tech equity fund of EUR 2.0Mn (price/share of EUR 0.5 for 4Mn shares).

WE ARE REVISING OUR 2023E-2025E ESTIMATES. The company's new guidance and M&A deals have prompted us to revise our estimates. Our new revenue estimates for 2023e and 2024e are EUR 6.5Mn (-6% vs our previous estimate) and EUR 12.0Mn (+3%), respectively. EBITDA 2023e: EUR -7Mn (vs EUR -3.1Mn previous estimate) and EBITDA 2024e: EUR -4.1Mn (vs EUR -2.4Mn).

IN SHORT, THE M&A-BASED BUSINESS MODEL AND DEVELOPMENT OF AI SOLUTIONS SCUPPERED EBITDA. 2023e-25e will be crucial years for gauging SAI's ability to monetise its AI solutions business structure (c. 20% of 2022 revenue). We do not expect to see positive recurring EBITDA and FCF in 2023e-25e. The company's low visibility implies a strong chance of deviations around these estimates. Our 2023e estimates put the shares trading at an EV/revenue multiple of 3.7x (vs. 3.5x for its European comps)

Market Data

Market Cap (Mn EUR and USD)	16.2	18.0
EV (Mn EUR and USD) ⁽¹⁾	24.2	26.9
Shares Outstanding (Mn)	69.5	
-12m (Max/Med/Min EUR)	0.56 / 0.29 / 0.20	
Daily Avg volume (-12m Mn EUR)	0.26	
Rotation ⁽²⁾	409.1	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽⁶⁾

YAMRO Holdings Limited	17.1
United General LTD	8.6
Lorenzo Serratosa Gallardo	6.6
Luis Daniel Fernández Perez	6.6
Free Float	35.8

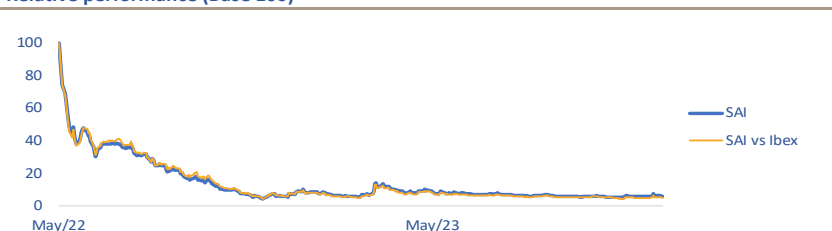
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	22.0	44.6	73.4	73.4
Total Revenues	3.2	6.5	12.0	15.0
Rec. EBITDA	-3.4	-6.6	-4.1	-2.8
% growth	-204.2	-96.5	37.3	32.2
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	n.a.
% Inc. EBITDA sector ⁽³⁾	16.3	8.4	18.7	21.8
Net Profit	-16.0	-6.4	-5.9	-5.2
EPS (EUR)	-0.73	-0.14	-0.08	-0.07
% growth	-222.2	80.3	43.5	12.8
Ord. EPS (EUR)	-0.75	-0.13	-0.08	-0.07
% growth	-213.6	82.5	38.1	12.8
Rec. Free Cash Flow ⁽⁴⁾	-4.1	-8.7	-6.6	-4.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	1.9	3.1	9.8	14.5
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%) ⁽⁴⁾	n.a.	n.a.	n.a.	n.a.

Ratios & Multiples (x)⁽⁵⁾

	n.a.	n.a.	n.a.	n.a.
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	0.9	0.8	1.2	2.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	7.52	3.74	2.02	1.61
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) ⁽⁴⁾	n.a.	n.a.	n.a.	n.a.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.5	-2.1	-23.6	-18.5	n.a.	n.a.
vs Ibex 35	-5.3	-8.5	-37.4	-33.5	n.a.	n.a.
vs Ibex Small Cap Index	-5.5	-4.9	-30.8	-26.2	n.a.	n.a.
vs Eurostoxx 50	-8.0	-9.8	-35.5	-31.5	n.a.	n.a.
vs Sector benchmark ⁽³⁾	-9.4	-17.3	-42.3	-38.3	n.a.	n.a.

(1) Please refer to Appendix 3.

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

(3) Sector: Stoxx Europe 600 Technology.

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

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

(6) Others: José Iván García Braulio 6.2%, Impulse Tech 5.3%, Otros accionistas 13.8%

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

Substrate Artificial Intelligence (SAI) 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.

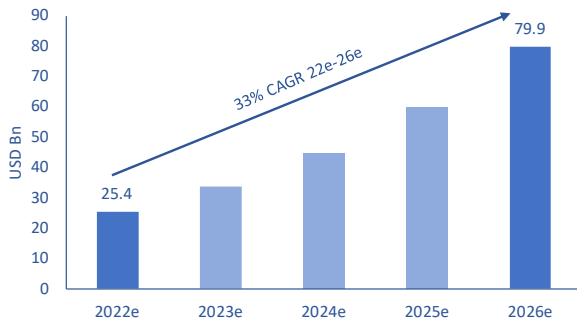
BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are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

Estimates downgrade
Table 2. Estimates downgrade (2023e-2025e)

EUR Mn	2023e		2024e		2025e	
	(New)	Review (%)	(New)	Review (%)	(New)	Review (%)
Total Revenues	6.5	-6.2%	12.0	3.2%	15.0	-0.8%
Recurrent EBITDA	-6.6	-113.0%	-4.1	-75.0%	-2.8	-173.1%
<i>Recurrent EBITDA growth</i>	<i>-96.5%</i>	<i>-104 p.p.</i>	<i>37.3%</i>	<i>14 p.p.</i>	<i>32.2%</i>	<i>-24 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
EBIT	-5.6	-69.7%	-4.8	-58.5%	-3.9	-82.4%
Net Profit	-6.4	-82.9%	-5.9	-79.2%	-5.2	-94.8%
Recurrent Free Cash Flc	-8.7	-82.3%	-6.6	-66.4%	-4.7	-85.4%
<i>ND / EBITDA</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>

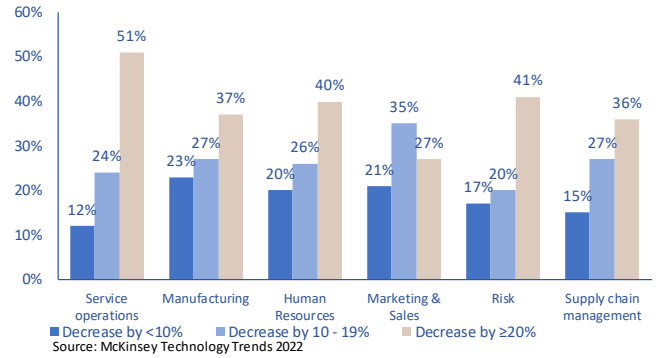
The company in 8 charts

Artificial Intelligence: an attractive market enjoying high growth (33% CAGR 22e-26e in Europe)...



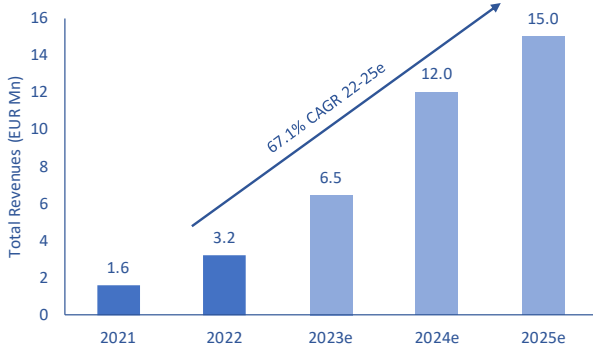
Source: IDC (International Data Corporation)

... increasingly having a greater impact on the companies income statement at the EBIT level

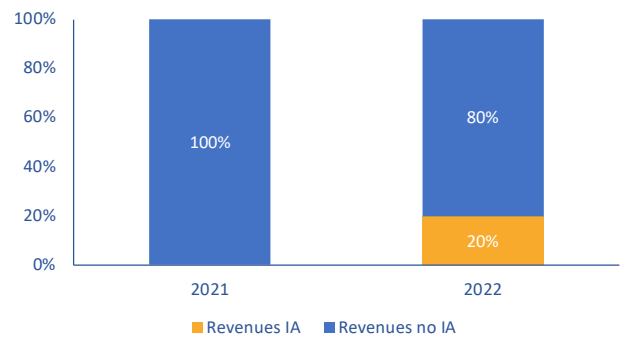


Source: McKinsey Technology Trends 2022

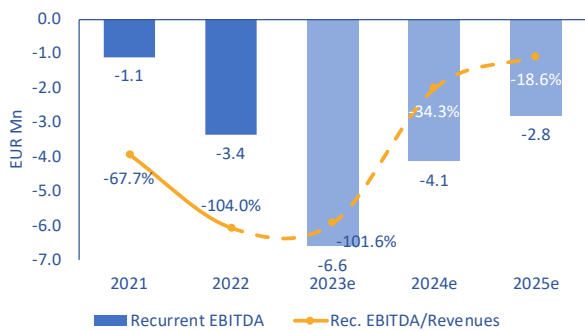
Substrate (SAI): With the potential for high double-digit revenue growth including M&A (67.1% CAGR 22-25e) ...



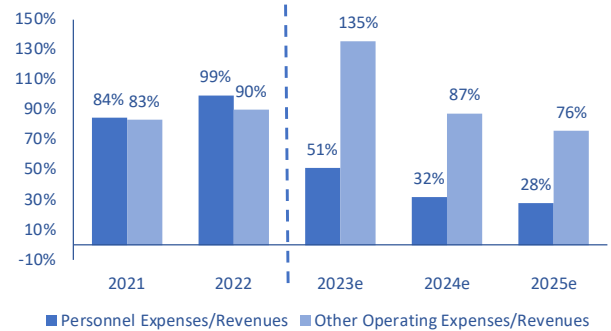
... and with sales in 2022 derived from artificial intelligence of around c.20%



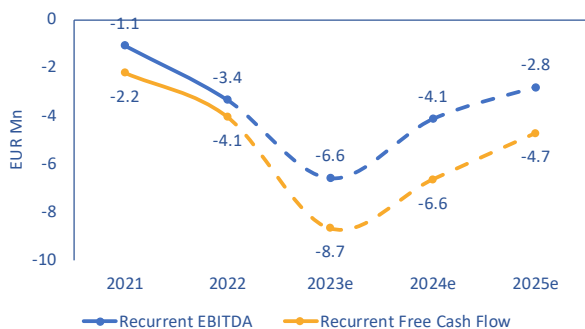
Although without reaching breakeven in Recurrent EBITDA until after 2025e



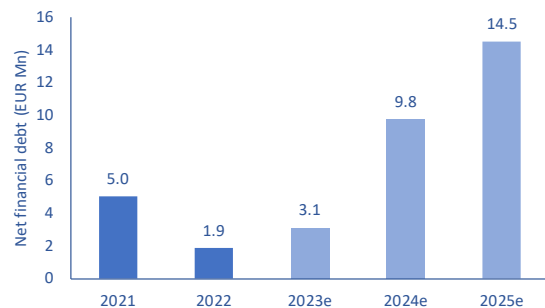
... due to oversized operating expenses for much higher revenue levels



... lifting recurring free cash flow generation to EUR -4.7Mn in 2025e (vs EUR -8.7Mn in 2023e)



that will lead to a "theoretical" increase in net debt (EUR 14.5Mn 2025e). Although "secured" with convertible bonds

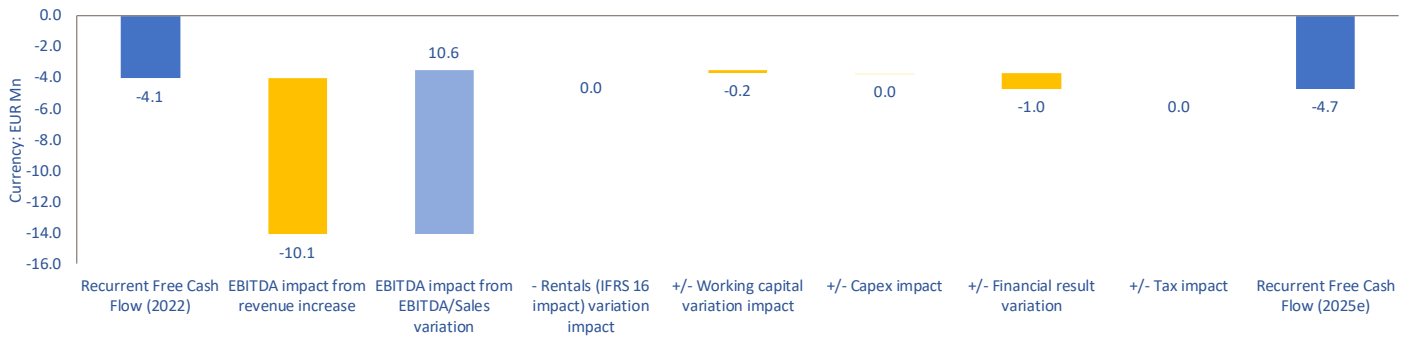
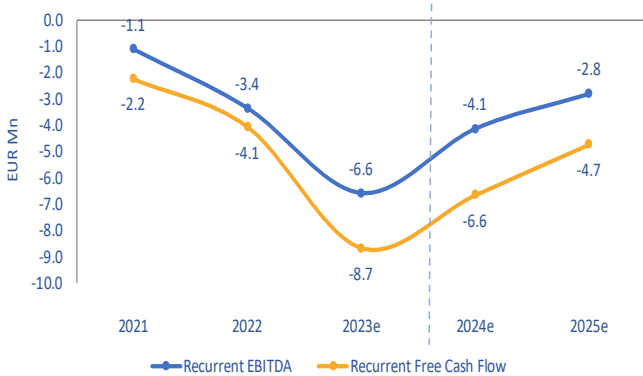
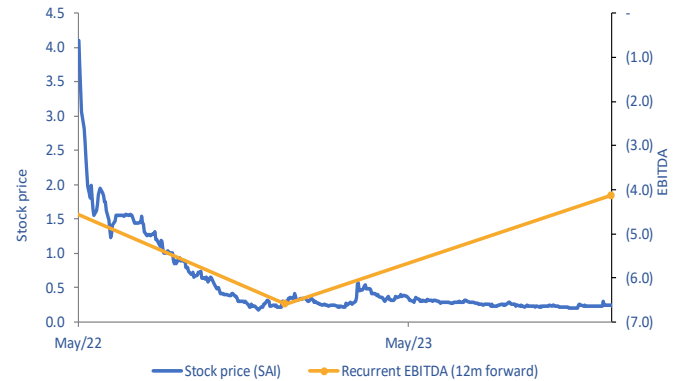


Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets				1.3	2.4	5.5	6.4	6.9		
Fixed assets				0.1	0.1	0.2	0.3	0.3		
Other Non Current Assets				0.3	0.9	0.9	0.9	0.9		
Financial Investments				1.4	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles				28.2	15.5	13.9	12.4	10.8		
Current assets				0.6	1.6	2.9	4.6	5.4		
Total assets				31.9	20.7	23.8	24.9	24.7		
Equity				26.7	17.5	19.1	13.2	8.0		
Minority Interests				(0.0)	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities				-	0.4	0.4	0.4	0.4		
Other Non Current Liabilities				-	-	-	-	-		
Net financial debt				5.0	1.9	3.1	9.8	14.5		
Current Liabilities				0.3	0.8	1.0	1.4	1.7		
Equity & Total Liabilities				31.9	20.7	23.8	24.9	24.7		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues				1.6	3.2	6.5	12.0	15.0	<i>n.a.</i>	67.1%
<i>Total Revenues growth</i>				<i>n.a.</i>	<i>98.0%</i>	<i>101.3%</i>	<i>85.5%</i>	<i>25.0%</i>		
COGS				(0.0)	(0.5)	(1.0)	(1.8)	(2.3)		
Gross Margin				1.6	2.7	5.5	10.2	12.8	<i>n.a.</i>	67.2%
<i>Gross Margin/Revenues</i>				<i>99.9%</i>	<i>84.9%</i>	<i>85.0%</i>	<i>85.0%</i>	<i>85.0%</i>		
Personnel Expenses				(1.4)	(3.2)	(3.3)	(3.8)	(4.2)		
Other Operating Expenses				(1.4)	(2.9)	(8.8)	(10.5)	(11.4)		
Recurrent EBITDA				(1.1)	(3.4)	(6.6)	(4.1)	(2.8)	<i>n.a.</i>	5.8%
<i>Recurrent EBITDA growth</i>				<i>n.a.</i>	<i>-204.2%</i>	<i>-96.5%</i>	<i>37.3%</i>	<i>32.2%</i>		
<i>Rec. EBITDA/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Restructuring Expense & Other non-rec.				0.0	(0.1)	(0.6)	-	-		
EBITDA				(1.1)	(3.5)	(7.1)	(4.1)	(2.8)	<i>n.a.</i>	7.1%
Depreciation & Provisions				(1.3)	(2.6)	(2.4)	(2.9)	(3.4)		
Capitalized Expense				0.4	1.5	4.0	2.3	2.3		
Rentals (IFRS 16 impact)				-	-	-	-	-		
EBIT				(2.0)	(4.6)	(5.6)	(4.8)	(3.9)	<i>n.a.</i>	5.3%
<i>EBIT growth</i>				<i>n.a.</i>	<i>-131.9%</i>	<i>-21.0%</i>	<i>14.2%</i>	<i>18.1%</i>		
<i>EBIT/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Impact of Goodwill & Others				-	(11.6)	-	-	-		
Net Financial Result				0.1	(0.2)	(0.8)	(1.1)	(1.2)		
Income by the Equity Method				-	-	-	-	-		
Ordinary Profit				(1.9)	(16.5)	(6.4)	(5.9)	(5.2)	<i>n.a.</i>	32.1%
<i>Ordinary Profit Growth</i>				<i>n.a.</i>	<i>-773.5%</i>	<i>61.4%</i>	<i>7.0%</i>	<i>12.8%</i>		
Extraordinary Results				-	-	-	-	-		
Profit Before Tax				(1.9)	(16.5)	(6.4)	(5.9)	(5.2)	<i>n.a.</i>	32.1%
Tax Expense				0.1	0.6	-	-	-		
<i>Effective Tax Rate</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests				0.0	(0.0)	-	-	-		
Discontinued Activities				-	-	-	-	-		
Net Profit				(1.8)	(16.0)	(6.4)	(5.9)	(5.2)	<i>n.a.</i>	31.3%
<i>Net Profit growth</i>				<i>n.a.</i>	<i>-797.3%</i>	<i>60.1%</i>	<i>7.0%</i>	<i>12.8%</i>		
Ordinary Net Profit				(1.9)	(16.4)	(5.8)	(5.9)	(5.2)	<i>n.a.</i>	31.9%
<i>Ordinary Net Profit growth</i>				<i>n.a.</i>	<i>-773.6%</i>	<i>64.4%</i>	<i>-1.8%</i>	<i>12.8%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(6.6)	(4.1)	(2.8)	<i>n.a.</i>	5.8%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.1)	(1.3)	(0.6)		
Recurrent Operating Cash Flow						-7.7	-5.4	-3.4	<i>n.a.</i>	3.3%
CAPEX						(0.2)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.8)	(1.1)	(1.2)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(8.7)	(6.6)	(4.7)	<i>n.a.</i>	-5.2%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						(0.6)	-	-		
Free Cash Flow						(9.2)	(6.6)	(4.7)	<i>n.a.</i>	-5.2%
Capital Increase						8.0	-	-		
Dividends						-	-	-		
Net Debt Variation						1.3	6.6	4.7		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA			(1.1)	(3.4)	(6.6)	(4.1)	(2.8)	n.a.	5.8%
<i>Recurrent EBITDA growth</i>			n.a.	-204.2%	-96.5%	37.3%	32.2%		
<i>Rec. EBITDA/Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.1)	(1.3)	(0.6)		
= Recurrent Operating Cash Flow			(1.5)	(3.7)	(7.7)	(5.4)	(3.4)	n.a.	3.3%
<i>Rec. Operating Cash Flow growth</i>			n.a.	-153.6%	-106.7%	29.9%	37.6%		
<i>Rec. Operating Cash Flow / Sales</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- CAPEX			(0.7)	(0.1)	(0.2)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow			(0.0)	(0.2)	(0.8)	(1.1)	(1.2)		
- Taxes			-	-	-	-	-		
= Recurrent Free Cash Flow			(2.2)	(4.1)	(8.7)	(6.6)	(4.7)	n.a.	-5.2%
<i>Rec. Free Cash Flow growth</i>			n.a.	-82.1%	-113.9%	23.3%	29.0%		
<i>Rec. Free Cash Flow / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others			-	-	-	-	-		
- Acquisitions / + Divestments			(0.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	(0.6)	-	-		
= Free Cash Flow			(2.4)	(4.1)	(9.2)	(6.6)	(4.7)	n.a.	-5.2%
<i>Free Cash Flow growth</i>			n.a.	-71.2%	-127.4%	27.9%	29.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)			-	(2.2)	(4.1)	(8.7)	(6.6)		
EBITDA impact from revenue increase			n.a.	(1.1)	(3.4)	(5.6)	(1.0)		
EBITDA impact from EBITDA/Sales variation			n.a.	(1.2)	0.2	8.1	2.4		
= Recurrent EBITDA variation			n.a.	(2.3)	(3.2)	2.5	1.3		
- Rentals (IFRS 16 impact) variation impact			-	-	-	-	-		
+/- Working capital variation impact			(0.4)	(0.0)	(0.8)	(0.1)	0.7		
= Recurrent Operating Cash Flow variation			(0.4)	(2.3)	(4.0)	2.3	2.0		
+/- CAPEX impact			(0.7)	0.7	(0.1)	0.1	-		
+/- Financial result variation			(0.0)	(0.2)	(0.6)	(0.3)	(0.1)		
+/- Tax impact			-	-	-	-	-		
= Recurrent Free Cash Flow variation			(1.1)	(1.8)	(4.6)	2.0	1.9		
Recurrent Free Cash Flow			(1.1)	(4.1)	(8.7)	(6.6)	(4.7)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT			(2.0)	(4.6)	(5.6)	(4.8)	(3.9)	n.a.	5.3%
* <i>Theoretical Tax rate</i>			0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)			-	-	-	-	-		
Recurrent EBITDA			(1.1)	(3.4)	(6.6)	(4.1)	(2.8)	n.a.	5.8%
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.4)	(0.4)	(1.1)	(1.3)	(0.6)		
= Recurrent Operating Cash Flow			(1.5)	(3.7)	(7.7)	(5.4)	(3.4)	n.a.	3.3%
- CAPEX			(0.7)	(0.1)	(0.2)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)			-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)			(2.2)	(3.8)	(7.9)	(5.5)	(3.5)	n.a.	3.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>			n.a.	-72.6%	-106.5%	30.0%	36.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments			(0.1)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	(0.6)	-	-		
= Free Cash Flow "To the Firm"			(2.4)	(3.8)	(8.4)	(5.5)	(3.5)	n.a.	3.0%
<i>Free Cash Flow (To the Firm) growth</i>			n.a.	-62.2%	-120.9%	34.6%	36.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.		

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	16.2	
+ Minority Interests	0.2	6m Results 2023
+ Provisions & Other L/T Liabilities	0.5	6m Results 2023
+ Net financial debt	0.3	6m Results 2023
- Financial Investments	0.9	6m Results 2023
+/- Others	8.0	Ver nota
Enterprise Value (EV)	24.2	

Note: At the date of this report the value of the EUR 6.0Mn non-cash capital increase and the EUR 2.0Mn cash increase (entry of the Impulse fund) have been included as Other in the EV calculation (as the shares are not yet in circulation). Therefore, the EV multiples in this report (EV/Sales; EV/EBITDA...) reflect the effect of the new acquisitions and the capital increase that finances them. However, as of today, both the number of shares and the adjusted number of shares do not include the shares to be issued in the new non-cash capital increase.

With respect to the capital increase to finance the two acquisitions (Binit and Deltanova), the percentages of each class of shares have not been disclosed. The potential dilutive impact will depend on the number of Class A shares issued, because in nominal terms each is equivalent to 100 Class B shares. The rights issue must be approved by shareholders at the general meeting when called. Assuming both acquisitions are paid exclusively with Class A shares, SAI would have to issue c.26.1Mn shares at the current price (0.23 EUR/share; 34% of class A shares, assuming that all the shares from the bond conversion and those corresponding to the cash capital increase were outstanding).

Capital increase: SAI has two types of shares: A and B shares. The A shares have 100% of SAI's voting rights and their economic rights are conditional on those of the B shares, this report takes as a reference (Mkt Cap, EV) the A shares.

The company has class B non-voting shares (at a par value of EUR 0.001; no preferential subscription rights). In nominal terms, each old share corresponds to 100 new class B shares. Holders of these new shares will receive a minimum annual preferred dividend of EUR 0.01 per share. This dividend is conditional on the existence of distributable profits each year. In addition to this increase, the class B shares have been included as future remuneration in the new incentive plan

Appendix 4. Main peers 2023e

		Europe					United States				
EUR Mn		Sidetrade SA	Median Technologies	Linedata Services	Lectra	Artificial Solutions	Average	C3.ai	Palantir Technologies	Average	SAI
Market data	Ticker (Factset)	ALBFR-FR	ALMDT-FR	LIN-FR	LSS-FR	ASAI-SE		AI-US	PLTR-US		SAI-ES
	Country	France	France	France	France	Sweden		USA	USA		Spain
	Market cap	233.4	89.5	274.8	1,180.9	3.2		3,262.8	34,406.7		16.2
	Enterprise value (EV)	206.9	99.5	365.9	1,207.9	22.2		2,580.2	31,733.7		24.2
Basic financial information	Total Revenues	43.7	22.4	182.7	476.6	5.6		275.1	1,997.4		6.5
	Total Revenues growth	19.0%	-5.3%	5.8%	-8.7%	36.6%	9.5%	14.5%	16.4%	15.5%	101.3%
	2y CAGR (2023e - 2025e)	16.5%	27.0%	3.6%	6.2%	54.4%	21.5%	21.8%	19.5%	20.7%	52.3%
	EBITDA	5.7	(23.9)	48.4	79.8	(5.6)		(97.7)	573.1		(7.1)
	EBITDA growth	247.6%	-5.8%	-5.0%	-12.7%	33.9%	51.6%	60.9%	558.9%	309.9%	-104.3%
	2y CAGR (2023e - 2025e)	31.1%	19.3%	3.9%	14.0%	47.0%	23.1%	36.1%	24.2%	30.2%	37.4%
	EBITDA/Revenues	13.0%	n.a.	26.5%	16.7%	n.a.	18.7%	n.a.	28.7%	28.7%	n.a.
	EBIT	5.0	(24.6)	31.5	54.2	(6.9)		(113.2)	549.4		(5.6)
	EBIT growth	518.7%	-5.6%	-10.3%	-11.8%	18.9%	102.0%	56.7%	478.5%	267.6%	-21.0%
	2y CAGR (2023e - 2025e)	33.4%	18.4%	6.8%	19.5%	73.1%	30.2%	45.1%	23.8%	34.4%	16.2%
	EBIT/Revenues	11.4%	n.a.	17.2%	11.4%	n.a.	13.3%	n.a.	27.5%	27.5%	n.a.
	Net Profit	4.6	(23.9)	21.1	36.8	(5.1)		(90.0)	508.5		(6.4)
	Net Profit growth	36.3%	-18.4%	-20.4%	-17.0%	33.6%	2.8%	62.8%	251.1%	157.0%	60.1%
	2y CAGR (2023e - 2025e)	30.2%	13.7%	9.2%	21.2%	40.0%	22.8%	73.0%	23.9%	48.5%	10.0%
	CAPEX/Sales %	1.9%	4.8%	7.4%	1.8%	n.a.	4.0%	10.2%	0.7%	5.4%	2.3%
Free Cash Flow	5.2	(23.1)	24.5	51.3	n.a.		(97.7)	526.8		(9.2)	
Net financial debt	(11.5)	11.1	71.5	(13.1)	20.5		(489.7)	(2,564.4)		3.1	
ND/EBITDA (x)	n.a.	n.a.	1.5	n.a.	n.a.	1.5	n.a.	n.a.	n.a.	n.a.	
Pay-out	0.0%	0.0%	45.6%	42.0%	0.0%	17.5%	0.0%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	49.6	n.a.	14.3	29.0	n.a.	31.0	n.a.	71.2	71.2	n.a.
	P/BV (x)	7.3	n.a.	2.6	2.6	n.a.	4.2	4.0	11.7	7.9	0.8
	EV/Revenues (x)	4.7	4.4	2.0	2.5	3.9	3.5	9.4	15.9	12.6	3.7
	EV/EBITDA (x)	36.5	n.a.	7.6	15.1	n.a.	19.7	n.a.	n.a.	n.a.	n.a.
	EV/EBIT (x)	41.4	n.a.	11.6	22.3	n.a.	25.1	n.a.	n.a.	n.a.	n.a.
	ROE	14.8	n.a.	18.2	8.8	n.a.	13.9	n.a.	16.4	16.4	n.a.
	FCF Yield (%)	2.2	n.a.	8.9	4.3	n.a.	5.2	n.a.	1.5	1.5	n.a.
	DPS	0.00	0.00	1.56	0.41	0.00	0.39	0.00	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	2.8%	1.3%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%

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

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

Appendix 5. Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(8.4)	(5.5)	(3.5)	n.a.			
Market Cap	16.2	At the date of this report					
Net financial debt	0.3	Debt net of Cash (6m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	7.0%	Net debt cost			6.8%	7.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	5.6%	Kd = Cost of Net Debt * (1-T)			5.4%	5.8%	
Risk free rate (rf)	2.9%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.5	B (own estimate)			1.4	1.6	
Cost of Equity	11.9%	Ke = Rf + (R * B)			10.6%	13.3%	
Equity / (Equity + Net Debt)	98.2%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	1.8%	D			=	=	
WACC	11.8%	WACC = Kd * D + Ke * E			10.5%	13.1%	
G "Fair"	3.0%				3.0%	2.0%	

(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	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
Sidetrade SA	ALBFR-FR	233.4	49.6	30.1%	36.5	31.1%	4.7	16.5%	13.0%	2.2%	30.9%
Median Technologies	ALMDT-FR	89.5	n.a.	13.4%	n.a.	19.3%	4.4	27.0%	n.a.	n.a.	21.8%
Linedata Services	LIN-FR	274.8	14.3	9.5%	7.6	3.9%	2.0	3.6%	26.5%	8.9%	5.1%
Lectra	LSS-FR	1,180.9	29.0	14.5%	15.1	14.0%	2.5	6.2%	16.7%	4.3%	15.6%
Artificial Solutions	ASAI-SE	3.2	n.a.	39.2%	n.a.	47.0%	3.9	54.4%	n.a.	n.a.	n.a.
Europe			31.0	21.3%	19.7	23.1%	3.5	21.5%	18.7%	5.2%	18.4%
C3.ai	AI-US	3,262.8	n.a.	72.1%	n.a.	36.1%	9.4	21.8%	n.a.	n.a.	41.7%
Palantir Technologies	PLTR-US	34,406.7	71.2	18.4%	n.a.	24.2%	15.9	19.5%	28.7%	1.5%	21.1%
United States			71.2	45.2%	n.a.	30.2%	12.6	20.7%	28.7%	1.5%	31.4%
SAI	SAI-ES	16.2	n.a.	29.8%	n.a.	37.4%	3.7	52.3%	n.a.	n.a.	28.4%

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	-111.8%	(13.4)	-1.8x
Central	-101.6%	(12.2)	-2.0x
Min	-91.4%	(11.0)	-2.2x

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

FCF Rec. EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	0.7%	0.8%	0.9%
(13.4)	(16.0)	(16.0)	(16.0)
(12.2)	(14.7)	(14.7)	(14.7)
(11.0)	(13.5)	(13.5)	(13.5)

LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Dec-2023	n.a.	0.233	n.a.	n.a.	Estimates downgrade	Enrique Andres Abad
06-Nov-2023	n.a.	0.220	n.a.	n.a.	Important news	Enrique Andres Abad
25-Sep-2023	n.a.	0.224	n.a.	n.a.	Important news	Enrique Andres Abad
03-Aug-2023	n.a.	0.276	n.a.	n.a.	Important news - Estimates upgrade	Enrique Andres Abad
19-Jul-2023	n.a.	0.310	n.a.	n.a.	6m 2023 Preliminary results	Enrique Andres Abad
12-Jun-2023	n.a.	0.320	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
14-Apr-2023	n.a.	0.397	n.a.	n.a.	12m Results 2022 - Estimates downgrade	Enrique Andres Abad
03-Feb-2023	n.a.	0.288	n.a.	n.a.	Important news	Enrique Andres Abad
23-Jan-2023	n.a.	0.340	n.a.	n.a.	12m 2022 Preliminary results	Enrique Andres Abad
22-Dec-2022	n.a.	0.235	n.a.	n.a.	Initiation of Coverage	Enrique Andres Abad

