

EQUITY - SPAIN
 Sector: Software

Closing price: EUR 0.12 (2 May 2025)
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12m Results 2024
 Independent Equity Research

12m Results 2024

Opinion ⁽¹⁾: Above expectations

Impact ⁽¹⁾: We will have to raise our estimates

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Business description

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

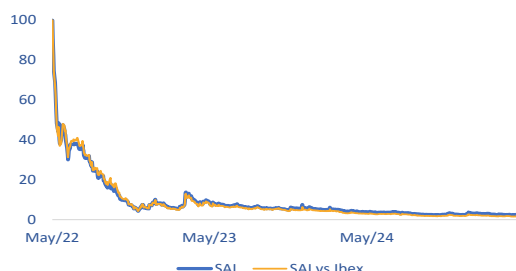
Market Data

Market Cap (Mn EUR and USD)	16.2	18.4
EV (Mn EUR and USD) ⁽²⁾	19.6	22.2
Shares Outstanding (Mn)	135.5	
-12m (Max/Med/Min EUR)	0.17 / 0.12 / 0.09	
Daily Avg volume (-12m Mn EUR)	0.13	
Rotation ⁽³⁾	212.2	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁵⁾

United General LTD	5.6
Treasury stock	4.5
YARO Investment Holding	1.8
Free Float	86.8

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	16.0	-5.5	-25.7	n.a.
vs Ibex 35	15.2	-13.0	-39.9	n.a.
vs Ibex Small Cap Index	9.4	-13.6	-34.8	n.a.
vs Eurostoxx 50	16.4	-5.4	-31.2	n.a.
vs Sector benchmark ⁽⁴⁾	15.0	1.9	-25.2	n.a.

(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 table 2.

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

(4) vs Stoxx Europe 600 Technology.

(5) Others: Lorenzo Serratosa 0.6%, José Iván García Braulio 0.6%

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

2024 results point in the right direction. Next stop: EBITDA breakeven

REVENUE MORE THAN DOUBLES TO EUR 17.5MN... vs. EUR 8.6Mn in 2023, reflecting the impact of the M&A carried out in 2023 (Yamro Holding, Diaximag, PS Vet, Binit, and Deltanova) and organic growth. SAI continues to advance in its internationalization, reaching 48% of revenue (39% in 2023).

...IMPROVING GROSS MARGIN, which reaches 76.9% (+10 p.p. versus 2023). Recurring EBITDA improves (EUR -2.2Mn versus negative EUR -8.9Mn in 2023) due to the good performance of revenue and operating leverage, with personnel expenses rising (+40%) below revenue (+103%) and other operating expenses falling by -5%. SAI remains engaged in a strong investment process (in CAPEX and capitalized expenses: EUR 11.2Mn in 2024 vs. EUR 1.4Mn in 2023) that requires capital increases despite the improvement in Recurring EBITDA and a working capital cash inflow in 2024 (EUR 1.2Mn). The combination of lower operating cash outflow and capital increases reduces Net Debt to EUR 6.6Mn (EUR 7.9Mn in 2023).

POSITIVE RESULTS AWAITING TO REACH RECURRING EBITDA BREAK-EVEN. The investment process and its financing via capital increases has implied high levels of dilution. SAI is taking steps to monetize part of its portfolio through IPOs that will i) give a public valuation to these assets and ii) reduce SAI's future investment/financing needs. Performance has been below market and sector -12m. After the 2024 results, beating expectations in both revenue and EBITDA, the catalyst for the share price can only be Recurring EBITDA reaching break-even in 2025, which remains the pending challenge.

Table 1. Results table

EUR Mn	12m24	12m23	12m24 vs 12m23	2024e	2024e vs 2024
Total Ingresos	17,5	8,6	103,5%	14,6	19,7%
Margen Bruto	13,5	5,8	134,1%	9,8	37,7%
Margen Bruto / Ingreso:	76,9%	66,9%	10,0 p.p.	66,9%	10,0 p.p.
EBITDA (Recurrente) ⁽¹⁾	(2,2)	(8,9)	74,8%	-5,8	61,5%
EBITDA Rec. / Ingresos	n.a	n.a	n.a.	-39,9%	n.a.
EBIT	3,4	(7,6)	145,2%	-3,0	213,1%
BAI	8,7	(8,3)	203,7%	-3,8	328,6%
BN	7,3	(8,6)	185,2%	-3,8	293,0%
Deuda Neta	6,6	7,9	-17%	6,7	19%

(1) "Cash" EBITDA, which excludes income from the capitalization of expenses.

Table 2. EV breakdown at the date of this report

EUR Mn	Source
Market Cap	16.2
+ Minority Interests	(0.6)
+ Provisions & Other L/T Liabilities	1.8
+ Net financial debt	6.6
- Financial Investments	4.3
+/- Others	Ver nota
Enterprise Value (EV)	19.6

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Appendix 1. Main peers (2025e)

	EUR Mn	Europe				Average	United States		
		Sidetrade SA	Median Technologies	Linedata Services	Lectra		C3.ai	Palantir Technologies	Average
Market data	Ticker (Factset)	ALBFR-FR	ALMDT-FR	LIN-FR	LSS-FR		AI-US	PLTR-US	
	Country	France	France	France	France		USA	USA	
	Market cap	341.4	45.9	364.1	911.8		2,624.7	257,883.3	
	Enterprise value (EV)	304.7	71.1	325.5	984.7		1,991.5	253,566.6	
Basic financial information	Total Revenues	63.7	27.3	186.2	540.6		409.9	3,279.4	
	Total Revenues growth	15.9%	19.1%	1.3%	2.6%	9.7%	20.0%	30.1%	25.0%
	2y CAGR (2025e - 2027e)	n.a.	3.7%	n.a.	6.9%	5.3%	26.9%	29.1%	28.0%
	EBITDA	9.9	(19.0)	53.9	99.1		(66.2)	1,370.0	
	EBITDA growth	46.2%	7.1%	n.a.	15.9%	23.1%	5.9%	355.4%	180.7%
	2y CAGR (2025e - 2027e)	n.a.	0.6%	n.a.	13.5%	7.0%	n.a.	31.8%	31.8%
	EBITDA/Revenues	15.5%	n.a.	28.9%	18.3%	20.9%	n.a.	41.8%	41.8%
	EBIT	9.0	(20.1)	39.5	63.3		(81.4)	1,375.8	
	EBIT growth	59.1%	10.5%	-1.1%	45.2%	28.4%	-0.1%	403.9%	201.9%
	2y CAGR (2025e - 2027e)	n.a.	-0.6%	n.a.	19.7%	9.6%	46.7%	32.5%	39.6%
	EBIT/Revenues	14.1%	n.a.	21.2%	11.7%	15.7%	n.a.	42.0%	42.0%
	Net Profit	8.7	(22.1)	27.5	39.6		(49.9)	1,214.2	
	Net Profit growth	10.6%	12.3%	-2.3%	27.0%	11.9%	0.9%	198.7%	99.8%
	2y CAGR (2025e - 2027e)	n.a.	-2.0%	n.a.	22.9%	10.5%	74.5%	33.0%	53.7%
	CAPEX/Sales %	1.7%	3.8%	5.3%	1.4%	3.1%	2.2%	0.6%	1.4%
	Free Cash Flow	10.8	(21.9)	27.8	60.1		(23.8)	1,356.8	
Multiples and Ratios	Net financial debt	(28.1)	42.8	39.0	42.7		(569.3)	(5,987.7)	
	ND/EBITDA (x)	n.a.	n.a.	0.7	0.4	0.6	n.a.	n.a.	n.a.
	Pay-out	0.0%	0.0%	n.a.	45.5%	15.2%	0.0%	0.0%	0.0%
	P/E (x)	37.2	n.a.	13.3	21.4	24.0	n.a.	n.a.	n.a.
	P/BV (x)	6.7	n.a.	2.3	2.4	3.8	3.9	n.a.	3.9
	EV/Revenues (x)	4.8	2.6	1.7	1.8	2.7	4.9	n.a.	4.9
	EV/EBITDA (x)	30.9	n.a.	6.0	9.9	15.6	n.a.	n.a.	n.a.
	EV/EBIT (x)	34.0	n.a.	8.3	15.6	19.3	n.a.	n.a.	n.a.
	ROE	18.0	n.a.	17.6	11.3	15.6	n.a.	18.7	18.7
	FCF Yield (%)	3.2	n.a.	7.6	6.6	5.8	n.a.	0.5	0.5
	DPS	0.00	0.00	1.74	0.48	0.55	0.00	0.00	0.00
	Dvd Yield	0.0%	0.0%	2.4%	2.0%	1.1%	0.0%	0.0%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

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

LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
05-May-2025	n.a.	0.120	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
04-Nov-2024	n.a.	0.101	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	0.166	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
02-May-2024	n.a.	0.161	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
29-Dec-2023	n.a.	0.233	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
06-Nov-2023	n.a.	0.220	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
25-Sep-2023	n.a.	0.224	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
03-Aug-2023	n.a.	0.276	n.a.	n.a.	Important news - Estimates upgrade	Enrique Andrés Abad, CFA
19-Jul-2023	n.a.	0.310	n.a.	n.a.	6m 2023 Preliminary results	Enrique Andrés Abad, CFA
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 Andrés Abad, CFA
03-Feb-2023	n.a.	0.288	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
23-Jan-2023	n.a.	0.340	n.a.	n.a.	12m 2022 Preliminary results	Enrique Andrés Abad, CFA
22-Dec-2022	n.a.	0.235	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

