

**EQUITY - SPAIN**

Sector: Hotels, Restaurants &amp; Leisure

Closing price: EUR 0.02 (1 Nov 2024)

Report date: 4 Nov 2024 (17:00h)

**6m Results 2024**

Independent Equity Research

**6m Results 2024**

 Opinion <sup>(1)</sup>: Below expectations

 Impact <sup>(1)</sup>: We will have to lower our estimates

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## 1H24 Results: High growth, but still insufficient

**Business description**

**Vanadi Coffee (VANA)** a chain of small-sized cafés based in Alicante (Spain) focused on healthy eating. Set up in November 2021, it now has 10 establishments up and running, all in Spain. Listed on BME Growth since 2023, with the board of directors controlling 30% of VANA's capital.

**REVENUE CONTINUES TO GROW...** and closes 1H24 with EUR 1.1Mn (vs EUR 0.7Mn in 1H23) due to the higher number of active locations during the first half of the year (9 locations opened on December 31, 2023, vs 4 on December 31, 2022; average locations 1H24 c.7.5 vs c.7 1H23). The strong seasonality of the restaurant business (located in a coastal area) reduces visibility for year-end closure (Revenue 1H23: c. 34% of Total Revenue 2023 recording c. 5 net openings during the year).

**Market Data**

Market Cap (Mn EUR and USD)	0.5	0.6
EV (Mn EUR and USD) <sup>(2)</sup>	1.7	1.8
Shares Outstanding (Mn)	24.6	
-12m (Max/Med/Mín EUR)	0.25 / 0.11 / 0.02	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation <sup>(3)</sup>	1,453.4	
Factset / Bloomberg	VANA-ES / VANA SM	
Close fiscal year	31-Dec	

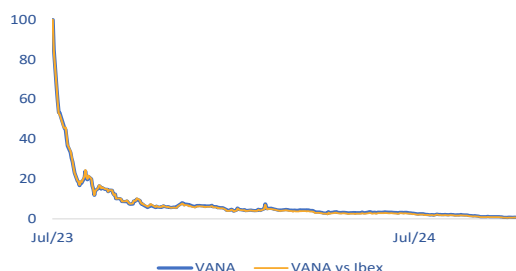
**...ALTHOUGH IT CLOSSES LOCATIONS DURING 1H24...** Our equity story pivoted on the idea of a high-growth business (via openings) on which VANA could leverage its fixed costs (previous estimate: 2024 openings +8 and 2025 +15). However, VANA has closed 3 locations during 1H24, leaving VANA with 6 open locations (vs 10 in 1H23).

**...WHICH PREVENTS IT FROM EXCEEDING BREAK-EVEN.** Gross margin improves to 62.2% (54.3% in 1H23) and structural costs grow (+27% vs 1H23) leading VANA to record an EBITDA of EUR -1Mn (vs EUR -0.9Mn in 1H23). VANA is repositioning its business in search of higher profitability (similar to the levels offered by the company acquired in June 2023, "Le Fournil de Jules"). Shifting from a business model based on rapid volume growth to one based on profitability (at the expense of size).

**Shareholders Structure (%)**

Victor Rodriguez Marín	12.4
Salvador Marti	10.3
Vicente Terol	6.3
Free Float	71.5

**A COMPLEX BALANCE SHEET SITUATION THAT WILL IMPLY DILUTION.** Profitability levels are still below break-even, continue to consume cash and raise Net Debt to EUR 1.3Mn in 1H24 (Gross Debt EUR 1.4Mn of which c. EUR 1Mn are convertible bonds). In April 2023, an equity financing agreement was signed with GCFO (Dubai investment fund) for a value of EUR 10Mn until 2028e. VANA closes 1H24 with a Working Capital (EUR -1.2Mn) and negative Net Equity of EUR -0.3Mn. Which will inevitably imply more dilution in the coming years.

**Relative performance (Base 100)**


**WE WILL HAVE TO LOWER 2024E-2026E ESTIMATES.** VANA's inability to obtain the necessary financing to carry out the initially estimated openings, and the closures of locations seen during 1H24 means that we have to lower estimates. We estimate a revenue range for 2024e of EUR 2.6-3Mn (c. -50% vs previous estimate) and an EBITDA still below break-even.

**VERY LOW VISIBILITY IN REVENUE. FINANCING IS THE BOTTLENECK OF GROWTH.** VANA's business shows growth (+56.1%) and a partial improvement in profitability levels (still insufficient to generate a positive EBITDA). The closure of locations carried out during 1H24 (-3 locations) seeks to reposition the brand and focus on a sustainable business model. However, the low visibility, the current balance sheet position (negative Net Equity) and the consumption of cash (we do not expect positive FCF in the next three years), which can only be satisfied through equity, leads us to consider 2024e and 2025e as decisive years for VANA.

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-37.3	-69.0	-87.8	n.a.
vs Ibex 35	-38.2	-71.5	-90.7	n.a.
vs Ibex Small Cap Index	-36.3	-67.7	-88.9	n.a.
vs Eurostoxx 50	-36.4	-69.7	-89.8	n.a.
vs Sector benchmark <sup>(4)</sup>	-38.7	-69.8	-90.1	n.a.

The share price performance -88.8% YTD leaves an EV/Sales 2024e 0.6x (vs 2x of its comparables, discount explained by business risk) and delays/hinders financing via convertibles. Access to non-dilutive financing remains the bottleneck for growth. And explains the penalty of the share.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

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

(4) vs Facset Europe / Restaurants -IND.

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

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## Vanadi Coffee (VANA) is a BME Growth company.

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## Appendix 1. Results table

EUR Mn	6m24		6m24 Real vs 6m23
	Real	6m23	
Total Revenues	1.1	0.7	56.1%
Gross Margin	0.7	0.4	78.9%
Gross Margin/Revenues	62.2%	54.3%	7.9 p.p.
Recurrent EBITDA	-1.0	-0.9	-6.3%
Rec. EBITDA/Revenues	-90.1%	-132.2%	n.a.
EBITDA	-1.0	-1.0	-1.3%
EBITDA/Revenues	-89.3%	-137.6%	n.a.
EBIT	-1.4	-1.1	-34.4%
PBT	-1.5	-1.1	-37.2%
NP	-1.5	-1.1	-37.2%
Ordinary NP	-1.5	-1.1	-37.2%
		<u>12m23</u>	
Number of locations	6	9	-33%
		<u>12m23</u>	
Net Debt <sup>(1)</sup>	1.4	1.3	10%

(1) Note 1: Net debt includes convertible bonds.

## Number of locations (2022-1H24)

Nº of locations	2022	1H23	2023	1H24
Premium	2	2	2	1
District	1	4	3	2
Corner	1	2	2	1
Jules		2	2	2
Total locations	4	10	9	6

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	0.5	
+ Minority Interests	-	6m Results 2024
+ Provisions & Other L/T Liabilities	0.0	6m Results 2024
+ Net financial debt	1.3	6m Results 2024
- Financial Investments	0.1	6m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>1.7</b>	

## 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
04-Nov-2024	n.a.	0.021	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	0.094	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
02-May-2024	n.a.	0.106	n.a.	n.a.	12m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
21-Dec-2023	n.a.	0.196	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas, CESGA

