Agile Content

EQUITY - SPAIN
Sector: Software

Closing price: EUR 3.79 (19 May 2023)
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Initiation of Coverage
Independent Equity Research

Agile Content (AGIL), is a technology group with operations in the audio and video streaming industry offering video creation, processing, distribution and management related hardware and software for the provision of pay-TV services. AGIL has traded on BME Growth since 2015.

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An equation with one unknown variable: margin

A 'GROWTH STORY' (VIA M&A)... AGIL was heavily involved in M&A in 2020-2021, enabling it to: (i) grow revenue by 9x between 2019 and 2022 (EUR 11.0Mn vs EUR 101.5Mn), (ii) position itself all along customers' value chain, (iii) increase the recurrence of its business (recurring revenue represented 74% in 2022) and (iv) expand its geographic footprint (c. 30% of revenue outside Spain).

...LEAVING ROOM FOR ORGANIC GROWTH. Our baseline scenario for 2022-2025e contemplates revenue growth to EUR 129.9Mn in 2025e (8.6% CAGR 2022e-2025e), underpinned by: (i) growth in new users, (ii) deployment of 5G and FTTH networks in Europe and (iii) sectorwide drivers, like the sharp growth in video content (c.10%/year).

WITH STRONG (CHALLENGING) POTENTIAL FOR MARGIN IMPROVEMENT. According to our scenario for 2023e, AGIL should be able to deliver growth in revenue to c. EUR 110.5Mn (8.9% vs 2022) and recurring EBITDA to EUR 4.9Mn (38.4% vs 2022), driven by a 'theoretical' ability to command wider margins (recurring EBITDA margin 2023e of 4.4% vs 3.5% 2022) to 6.7% in 2025e. And capacity for cash generation, which should leave gearing below 3.5x ND/recurring EBITDA in 2023e (vs 5.7x in 2022).

OPPORTUNITY AND CHALLENGE. 2023e-2025e will be crucial to gauge AGIL's real ability to translate its strong growth in revenue in recent years into profitability, taking advantage of operational gearing. This in itself is AGIL's challenge and opportunity. And it explains our baseline scenario that margins will almost double by 2025, with a CAGR for EBITDA 2022-2025e of c.35%.

IN SHORT, EVERYTHING HINGES ON THE ABILITY TO BOOST MARGINS AND TAKE ADVANTAGE OF WHAT (ON PAPER) IS A HUGE OPPORTUNITY. The sector driver is obvious (video streaming growth). The key lies in whether the company can grow organically but leverage its structure (the crux of its equity story) and achieve a genuine jump in profitability. So far it has yet to do so. And this is the only unknown. Our 2023e estimates put the stock trading at an EV/sales ratio of 1.0x (vs 1.1x for peers on forecast growth in revenue in 2023e-25e CAGR of 4.9% vs 8.4% for AGIL). This suggests there could be some reserve of value, but contingent on the business model's contribution, as of 2023, to margin growth which, on paper, seems plausible (but challenging and, therefore, not yet priced in).

Market Data

Market Cap (Mn EUR and USD)	87.6	94.5
EV (Mn EUR and USD) (1)	111.0	119.7
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Mín EUR)	5.74 / 4.40 / 3.23	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation(2)	12.8	
Factset / Bloomberg	AGIL-ES / AGIL SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)(6)

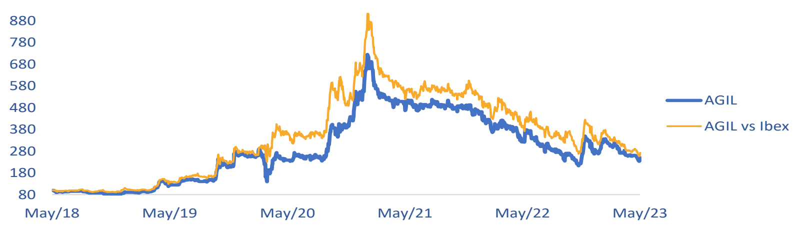
Hernan Scapusio Vinent	9.9
Inveready	9.8
Onchena S.L	6.9
TV Azteca SAB de CV	6.9
Free Float	54.5

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	101.5	110.5	119.8	129.9
Rec. EBITDA	3.5	4.9	6.4	8.6
% growth	*192.3*	*38.4*	*31.3*	*34.3*
% Rec. EBITDA/Rev.	*3.5*	*4.4*	*5.4*	*6.7*
% Inc. EBITDA sector(3)	*12.8*	*9.7*	*19.8*	*15.9*
Net Profit	-6.4	-3.8	-3.2	-1.9
EPS (EUR)	-0.27	-0.17	-0.14	-0.08
% growth	*-9.9*	*39.9*	*15.1*	*42.3*
Ord. EPS (EUR)	-0.27	-0.17	-0.14	-0.08
% growth	*-84.4*	*38.2*	*15.1*	*42.3*
Rec. Free Cash Flow(4)	4.1	3.2	3.0	5.2
Pay-out (%)	*0.0*	*0.0*	*0.0*	*0.0*
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	20.3	17.1	14.0	8.8
ND/Rec. EBITDA (x)	5.7	3.5	2.2	1.0
ROE (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*
ROCE (%)(4)	*n.a.*	*n.a.*	*n.a.*	*0.5*

Ratios & Multiples (x)(5)				
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	2.2	2.4	2.7	2.8
Dividend Yield (%)	*0.0*	*0.0*	*0.0*	*0.0*
EV/Sales	1.09	1.00	0.93	0.85
EV/Rec. EBITDA	31.3	22.6	17.2	12.8
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)(4)	*4.7*	*3.7*	*3.5*	*5.9*

(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: Mónica Rayo Moragón 6.3%, José Eulalio Poza Sanz 5.3%, Treasury stock 0.4%

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.0	-18.5	-22.7	-13.1	4.6	150.0
vs Ibex 35	-2.5	-17.8	-29.7	-22.7	-25.3	173.2
vs Ibex Small Cap Index	-1.6	-9.6	-16.0	-19.4	-26.9	151.2
vs Eurostoxx 50	-5.0	-20.7	-35.9	-25.0	-30.9	103.3
vs Sector benchmark(3)	-10.4	-21.7	-36.3	-28.9	-25.7	66.9

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

Agile Content (AGIL) 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).

Abbreviations

1. OTT Over the top
2. FTTH Fiber to the house
3. IPTV Internet protocol television
4. CTV Connected TV
5. CDN Content Delivery Network

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The opportunity (and challenge) for margin improvement is AGIL's complete equity story. And 2023 should tell whether it can start delivering.

Trading on BME Growth since 2015, AGIL is a Spanish tech company (operating in the software provider sub-sector) that since 2019 has grown exponentially (revenue in 2022 was 9x the 2019 level) thanks to four acquisitions. This can easily be seen in the numbers, simply comparing revenue in 2019 vs 2022: EUR 11.0Mn vs EUR 101.5Mn. But it also poses three key questions: Is what we have seen so far sustainable? What should we expect for EBITDA and cash generation in the near future (2023e-2025e)? What is AGIL's equity story?

A) We see two distinct phases in ADIL's revenue performance: (i) the rethinking of its business model (6.7% CAGR 2014–2019) and (ii) the "take-off" driven by M&A (110% CAGR 2019–2022)

In 2015, AGIL began trading on BME Growth and started rethinking its business model…

In November 2015, the company held its IPO and began trading on BME Growth. The following year it began rethinking its business model, which entailed: (i) discontinuing the lower value-added business lines (e.g., online video streaming packages) and (ii) focusing more on the scalable (and more recurring) SaaS businesses. The new business mix undermined sales (in 2017 and 2018) but boosted gross margin (to 72.5% in 2019 vs 50.2% in 2016).

Then 2020 and 2021 marked the start of the Company's strong inorganic growth with: (i) the takeover of Edgeware AB (which extended AGIL's geographic reach and cross selling), (ii) the acquisition of FON Technology (which increased the customer base and cross selling), (iii) the acquisition of Wetek (which provided entry into new sectors) and (iv) the acquisition of the TV businesses of Euskatel, R Cable and Telecable Telec (which enabled a jump in scale in bolstered the Agile TV Platform business). This intense M&A activity changed AGIL in several ways:

…following by intense M&A in 2020 and 2021, which changed the company.

- **Size:** AGIL achieved revenue of EUR 101.5Mn in 2022 (vs EUR 11.0Mn in 2019). This marked a significant step-up in size, taking the company's business to a whole new level.
- **Business:** The deals (i) diversified the business mix by consolidating the Agile TV Platform (with a negative impact on gross margin; 72.5% in 2019 vs 42.1% in 2022), which accounted for 60% of total sales in 2022, and (ii) strengthened the Agile TV Technologies business line (from content processing to customer experience management), along with entry into new sectors (e.g., the hotel industry).
- **Recurrence:** the acquisitions added considerable recurrence to the business, with recurring revenue making up 74% of the total in 2022 thanks to Agile TV's subscriber base in Spain.
- **Geographic footprint*:*** Revenue from outside Spain represented c. 30% of total revenue in 2022 (compared to what was traditionally a local business in early 2019). Outside of Spain, only the US (16% of revenue in 2022) accounts for more than 10%.

2020-2021 marked a watershed moment for AGIL. By the end of 2022, the company's snapshot is:

By year-end 2022, AGIL had increased revenue by 9x and the share of recurring revenue (c.75%) …

- That of a company with two business lines: (i) Agile Technologies (40% of the business mix; 24% of revenue in Spain) and (ii) Agile TV Platform (60% of the business mix; 100% of revenue in Spain). AGIL has positioning all along its users' value chain, from content generation to end consumption. Its target customers are telcos (implying exposure to industry consolidation with Orange/MasMóvil) and content distributors/creators.

- Revenue in 2022 was 9x the 2019 level. Moreover, it has laid the foundations for growing from a business that in theory has greater potential (but faces intense competition and the ease with which users can switch providers) in a sector driven by the explosive growth of video streaming consumption (11,6% CAGR 2021–2026e in Europe) and online advertising (9.1% CAGR 2021-2026e globally).

…but it has yet to be able to translate this growth into higher profitability.

- The strong growth in revenue has not (yet) translated into higher profitability. This in itself is AGIL's (only?) challenge and opportunity.

- The company has a proven track record integration targets (companies/business units) in a highly fragmented sector in Europe that is trending toward concentration (a hotbed for M&A, which is far from over).

Trading at a 5.7x ND/recurring EBITDA multiple due to its M&A growth.

- ADIL is trading at a (high) 5.7x ND/recurring EBITDA multiple (net debt of EUR 20.3Mn), which is the (obvious) result of its strong inorganic growth over the past few years. The key line items of its debt are: (i) bank borrowings of EUR 9.8Mn (28.1% of the total), (ii) convertible bonds worth EUR 11.9Mn (34.3% of the total) and (iii) deferred payments on acquisitions of EUR 10.8Mn (30.9% of the total).

B) 2023e-2025e: return to exclusively organic growth with a clearcut margin expansion opportunity/test

What can we expect from AGIL in coming years in terms of growth, profitability and recurring FCF generation?

High single-digit organic topline growth (8.6% CAGR 2022–2025e) …

- **High single-digit organic topline growth (CAGR 2022-2025e: 8.6%):** Our baseline scenario for 2023e-2025e calls for organic growth (we haven't factored in the impact of possible acquisitions) in revenue to EUR 129.9Mn by the end of the projection horizon, up from an estimated EUR 110.5Mn in 2023e (CAGR 2022-2025e: 8.6%). Shaped by similar growth in both business lines: (i) Agile Technologies (CAGR 2022-2025e: 7.7%); and (ii) Agile TV Platform (CAGR 2022-2025e: 9.2%). The key growth drivers underpinning our forecasts are: (i) customer growth (many of the telecommunications companies' customers have yet to subscribe to a television platform); (ii) the rollout of 5G and FTTH networks in Europe; and (iii) sectorwide drivers including sharp growth in video content and online advertising (growth estimates at c.10%+/year).

…with a 'challenging' improvement in recurring EBITDA margin to 6.7% in 2025e (vs 3.5% in 2022) ...

- **Steady (and ultimately aggressive) growth in recurring EBITDA:** For 2023e we are estimating a recurring EBITDA margin of 4.4% (vs. 3.5% in 2022). Gradually rising to 6.7% by 2025e (almost double the 2022 margin), thanks to: (i) the theoretical ability of some of the business to leverage the existing structure (largely generated via M&A); and (ii) the generation of cost synergies across the targets integrated in recent years. This is the company's real equity story. The ability to draw sharp growth in profitability from the recent revenue build-up. To date, revenue growth has been scantly profitable.
- **Which will drive FCF generation higher…** Our estimates point to positive recurring FCF generation in 2023e of EUR 3.2Mn (66% of recurring EBITDA, recurring FCF yield of 3.7%) that, due to the momentum in EBITDA growth, should increase to EUR 5.2Mn in 2025e (FCF 60% of recurring EBITDA; rec. FCF yield 2025e of 5.9%).

That will drive cash generation and driven down debt.

- **...and net debt of lower to EUR 8.8Mn in 2025e (ND/recurring EBITDA: 1.0x).** In 2022, AGIL's net debt decreased by EUR 8.4Mn to EUR 20.3Mn (recurring ND/EBITDA 2022: 5.7x). Leverage is expected to remain high in 2023e (ND/rec. EBITDA 2023e: 3.5x). However, if the company delivers our estimates, net debt will decrease to reasonable levels in 2024e (ND/rec. EBITDA: 2.2x), arriving at 1.0x by 2025e. Theoretically, current high leverage should make M&A activity less likely in 2023-2024.

In other words, we are looking for consolidation of the sharp M&A-led growth of previous years and a return to a business model predicated purely on organic growth. That should allow the company to leverage its cost structure (and generate synergies) and tap the operational gearing opportunity (and steep challenge) to give recurring profitability a definitive boost (the company's major piece of unfinished business). This is the area to watch in the coming years. One that will have a positive impact on cash generation, the keys being CAPEX management and the trend in finance costs with an impact on FCF. Operational gearing will also drive deleveraging over the next three years. Paving the way for renewed M&A activity in the longer term.

In other words, we expect further strong topline growth, with the challenge being to boost profitability.

Lastly, it is worth analysing what would happen if our baseline scenario for 2023e does not materialise. If the company does better than forecast, delivering a gross margin of 45% (vs. 41.5% in the baseline scenario), assuming the same growth in overhead as in our baseline scenario (4,5% vs. 2022), recurring EBITDA would rise to EUR 8.8Mn (7.9% of revenue). Moreover, if CAPEX amounted to 1% of revenue (vs. 1.5% in our baseline scenario), recurring FCF would jump to EUR 7.0Mn (80% of recurring EBITDA in the "best of both worlds"). That would leave net debt at EUR 13.3Mn (ND/rec. EBITDA: 1.5x).

But what would happen if the company underperforms? If the gross margin falls to 39% (vs. 41.5% in the baseline scenario) and overhead increases by c.6% (+1.6p.p. vs. the baseline scenario), recurring EBITDA would fall to EUR 1.5Mn (1.4% of revenue). If we assume higher CAPEX of 2% of revenue, recurring FCF would turn negative (by EUR 0.9Mn) and net debt would rise to EUR 21.2Mn (ND/rec. EBITDA: 14.1x). A downside scenario that clearly illustrates the impact of lower than expected operational gearing on our estimates. Proving that at AGIL everything hinges upon margin performance. However, even in the more pessimistic scenario, EBITDA would remain positive (but ND would stay very high).

Table 1. What would happen in 2023e if…?

Name	Pessimistic Scenario	Current Scenario	Optimistic Scenario
Sales 2023e	110.5	110.5	110.5
Gross Margin	**43.1**	**45.9**	**49.7**
Depreciación y provisiones	39.0%	41.5%	45.0%
Rec. EBITDA 2023e	**1.5**	**4.9**	**8.8**
EBIT / Ingresos	1.4%	4.4%	7.9%
Rec FCF 2023e	**(0.9)**	**3.2**	**7.0**
Rec. FCF / Rec. EBITDA	n.a	65.8%	80.1%
ND 2023e	**21.2**	**17.1**	**13.3**
ND / Rec EBITDA	14.1x	3.5x	1.5x

C) Margins are and will remain "the elephant in the room"

Sector growth and the trend toward concentration bode well for AGIL to continue growing…

Tailwinds in a sector in the midst of growth, coupled with the concentration trend across Europe, should pave the way for ongoing revenue growth at AGIL in the longer term, via M&A and organic growth. More important, however, in our opinion, is the margin upside, until and beyond 2025e. Following a phase of growth via M&A (enabling the company to build scale) and, next, a period of consolidation (2023e-2025e).

At AGIL, margin performance is the "elephant in the room". The only question mark in an equity story that is far more simple than meets the eye. Are there no more unknowns? We think not:

- The organic growth anticipated at AGIL is essentially sector driven (we are not forecasting significant sector outperformance).
- Macro risk is low or very low as the sector is benefitting strategically from the digitalisation of the economy. An area where investment (public and private) shouldn't contract even if the economy sours (as already observed in 2019-2022).
- Moreover, the level of recurring revenue is high (c.75%), reducing AGIL's business risk considerably.
- M&A as an opportunity and risk factor has already materialised. The "shopping" is done and the level of leverage built up makes it unlikely we will see any major acquisitions over the next two years.

…with margin improvement by taking advantage of the business' operational gearing as the only unknown. Not without (sector-related) risks.

To synthesise our EBITDA estimates (35% CAGR 2022-2025e), they are the result of topline growth of c.9%, coupled with spectacular margin expansion, with margins expected to almost double during the projection horizon (from 3.5% in 2022 to 6.7% in 2025e). If we take the revenue growth as a given (low uncertainty), everything pivots around margins. Our baseline scenario factors in the huge margin potential. Acknowledging that delivery will be a stretch (as proven by the company's failure to unlock profitability in the last two years in conditions that we clearly challenging and "abnormal" due to Covid, global instability and the onset of high inflation, etc.). The ability to deliver improved profitability on scaled-up revenue is subject to logical/inevitable sector risks: intense sector competition due to the ease with which users can switch provider (number of OTT platforms) and the limited number of services a given household can subscribe to (business risk).

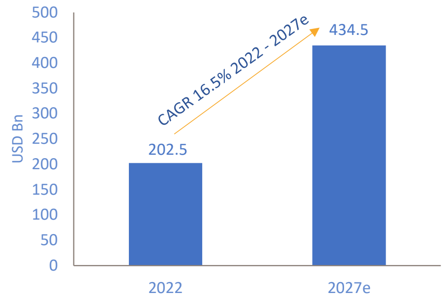
Results in 2023e should shed light.

Assuming that risk, however, our baseline scenario calls for significant margin expansion over the next 2-3 years, driven exclusively by operational gearing and the generation of synergies (outstanding) from the acquisitions completed in 2020-2022.

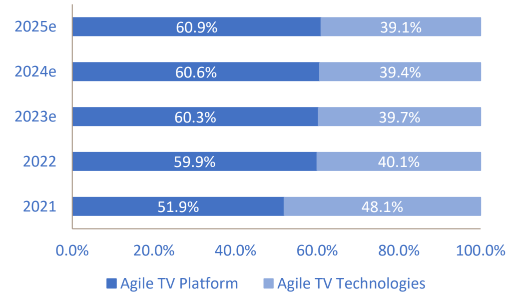
The AGIL investment rationale has a single question mark: the ability to eke out significant margin expansion. Current multiples do not price that upside in. The stock has badly underperformed over the last 12 months from every angle (-13.1%; -22.7% vs. Ibex 35; -28.9% vs. peers). And the EV/revenue 2023e multiple is below its peers (1.0x vs. 1.1x), despite the fact that the growth in AGIL's expected revenue is higher (TACC 2023-2025: 8.4% vs. 4.9%).The company's earnings performance in 2023 will be telling about AGIL's ability to boost margins. Both the elephant in the room and the key to the equity story.

The company in 8 charts

The global over-the-top video market is forecast to grow at a CAGR of 16.5% in 2022e-2027e.

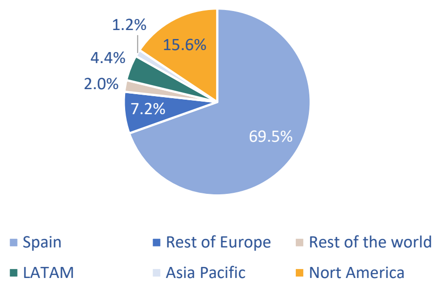


AGIL: a business positioned all along its users' value chain with high recurring revenue (through its two business lines) …

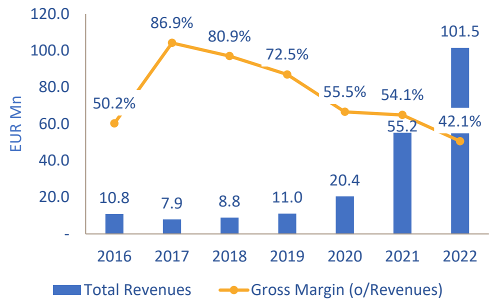


Note: In 2022, 74% of revenues are considered recurring.

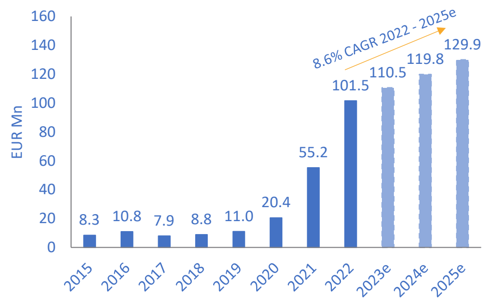
…with good geographic diversification. In 2022, sales outside Spain accounted for 30%.



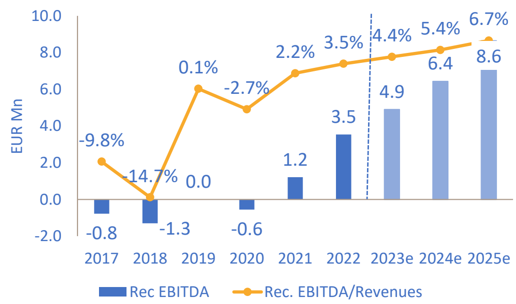
M&A activity was very intense in 2020-2021, delivering a very significant jump in scale …



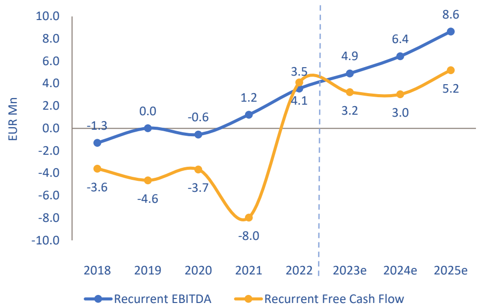
… laying the foundations for (credible) organic growth in the coming years (CAGR 2022-25e: 8.6%)



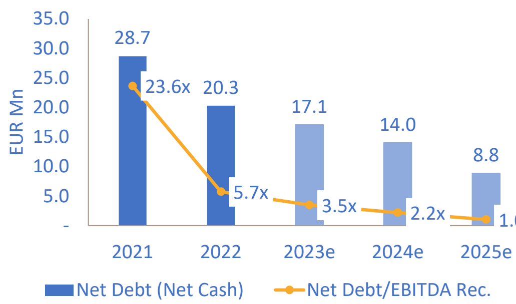
Theoretically paving the way for gradual operational gearing during the projection horizon …



… lifting recurring free cash flow generation to EUR 5.2Mn in 2025e (vs EUR 3.2Mn in 2023e)



Which would leave AGIL prudently leveraged in 2025e (ND: EUR 8.8Mn; ND/rec. EBITDA: 1.0x)



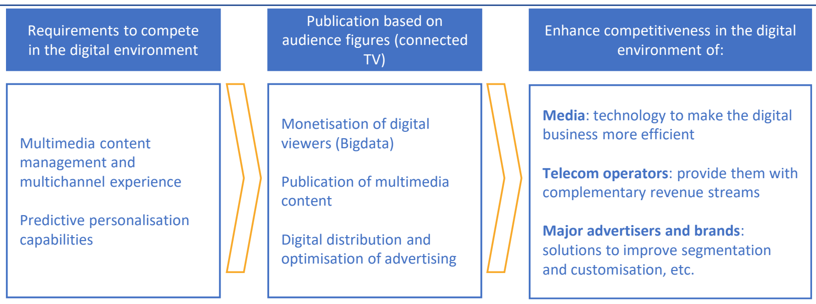
A tech business 'riding sector tailwinds': benefiting from the 'boom' in pay-TV and OTT services

Agile Content (AGIL) is a technology group founded in 2007 with operations in the audio and video streaming industry offering video creation, processing, distribution and management-related hardware and software for the provision of pay-TV services. Its clients include telecommunications providers, content creators and distributors, and businesses that need to deal with large volumes of video content. Examples include MásMovil, Sky, KPN, Telefónica, Orange, Televisa, SVT. AGIL has traded on BME Growth since 2015 (Mkt cap c. EUR 88Mn).

AGIL basically offers two mutually supportive business models. The first is Agile TV Technologies, a model under which it sells technologies in the form of products and/or applications to customers strictly on a transactional basis. Nearly 50 million homes worldwide consume pay-TV content using Agile Content in some shape or form. The second is Agile TV Platform, a model for providing a more end-to-end service to customers. Nearly 800,000 homes, mostly in Spain, enjoy pay-TV services from telecommunications services providers that use Agile Content's technology and operating solutions. This gives Agile Content a comprehensive view of the functions that need to be developed to enhance customer experience.

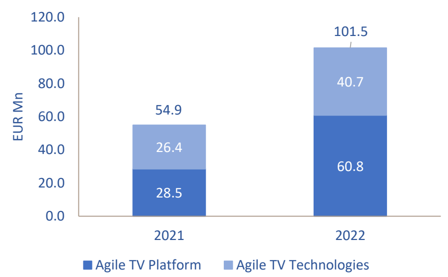
These two business models, and especially the second one, provide a fairly predictable and relatively stable revenue stream (74% recurring revenue in 2022). In order to broaden the range of technologies, the company has been heavily involved in M&A deals, making four acquisitions to increase in size with the ultimate aim of becoming one of Europe's leading neutral television and video providers.

Chart 1. Business Model



AGIL's main competitors by business line are: (a) Agile Technologies (i) Brightcove (a video streaming platform that allows organisations to host, share and stream video content), Nagra (PayTV platform for operators, securitization technologies) (b) Agile TV Platform: (i) Netgem (develops, markets and operates an entertainment platform which allows customers to create or boost their entertainment offers in streaming mode), (iii) Kaltura (provides live and on-demand video SaaS solutions to organisations and viewers at home, work and school).

Chart 2. Revenues by business line



A business model that covers the entire pay-TV value chain

AGIL develops technologies for providing pay-TV services, from content creation, processing and distribution through telecommunications networks, to final delivery for consumption by the end customer. Its operations can be grouped into two core business lines:

Agile TV technologies (40% of revenue in 2022 vs 48% in 2021): this business line comprises six IT product areas:

- **Agile production**: content creation and distribution solutions allowing for live and remote voice recording from anywhere with a cloud platform. The key benefits are: (i) higher production capacity using the same resources at a lower cost and less time, (ii) increased reach to create, curate and reuse content for distribution in other platforms, e.g., Twitch, Youtube, and (ii) greater effectiveness, with production start-up in a matter of seconds.

- **Agile processing:** includes the following solutions: (i) Streambuilder, which streamlines the process for preparing live and VOD (video on demand) content for OTT distribution to any device, and provides accurate stream segmentation, optimised content storage for on-demand and services, and (ii) Cavena subtitling, which adds subtitles to content, translates the language of the audio and has optical recognition of characters when necessary to shift from graphic-based to text-based subtitling.

- **Agile experience:** this is divided into two solutions: (i) Agile Content Experience, which comprises various (backend and frontend) components that enable operators to offer a TV service as part of their overall multi-device offering, and also ad inserting and (ii) Agile Play, developed for content owners wishing to monetise content, allowing them to create their own content apps, which they can then deliver on most mainstream devices, including ad insertion and subscription services for users.

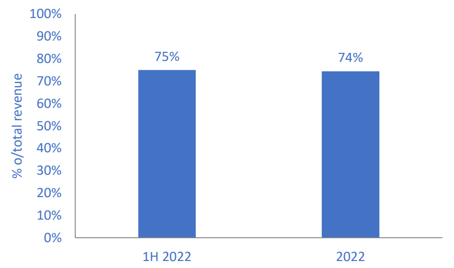
- **Agile delivery:** this product has three solutions: (i) Agile CDN, for orchestrating and managing caches, load balances traffic, and optimises network utilisation, (ii) Agile Cache, a cache software that implements the basic caching functionality and interfaces required for management and configuration, and (iii) Agile CDN IPTV, which converts linear TV into a modern TV service without having to upgrade set-top boxes.

- **Agile Management:** for managing, monitoring and protecting all content, customer profiles, devices through a single, user-friendly interface. It reduces the amount of on-site time (you can see what is happening and act accordingly without having to go in person), extending the hardware's life cycle and delivering better customer service.

- **Agile Devices:** development of software for Android devices for households and businesses to manage TV consumption.

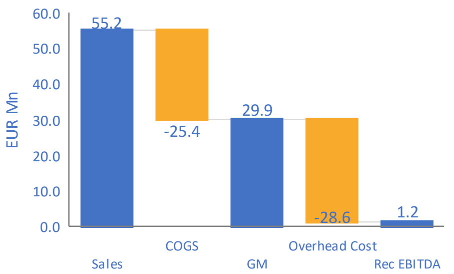
Agile TV platform (60% of revenue in 2022 vs 52% in 2021): pay-TV service operating platform, from content ingestion to consumption by the end customer via telecom operators with a B2B2C model. The benchmark in Spain is MASMOVIL. Agile TV is the operator's TV proposition, managing the entire digital TV service. It also includes a host of SVOD (Subscription Video on Demand) services, such as Netflix and Amazon…

Chart 3. Recurrent Revenues



Note: the company began sharing recurring revenue information in the first half of 2022.

Chart 4. Recurrent EBITDA 2021



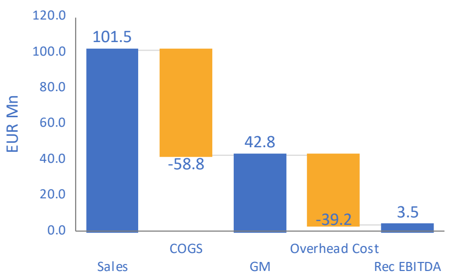
Note: the headcount at the end of the period was 287. Sales include c. EUR 0.3Mn include c. EUR 0.3Mn of other operating revenues.

2010, the start of the company's international expansion. 2015, the IPO.

AGIL was incorporated in 2007 and in 2010 embarked on its international expansion via organic growth (opening offices) and inorganic growth through: (i) the acquisition of Navia Portal (website management) headquartered in Sao Paulo (Brazil), which enabled AGIL to acquire critical mass in customers in the Brazilian market and highly skilled workers and (ii) the acquisition in 2012 of MKTTV's assets in Brazil.

In November 2015, the company held its IPO and began trading on BME Growth. The year after that AGIL acquired the Networds OTT business from UUX Holding LTD (a technology developer for pay-TV platforms). This acquisition enabled the company to combine IT solutions so it could optimise and segment advertising.

Chart 5. Recurrent EBITDA 2022



Note: the headcount at the end of the period was 281.

2020-2022, a (huge) step-up in scale through M&A.

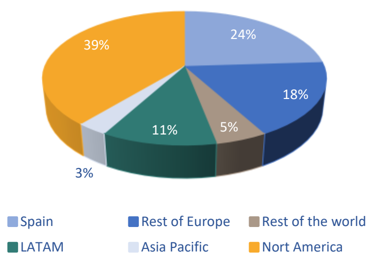
The company launched a takeover bid for Edgeware AB in October 2020, which was accepted in November, giving AGIL control over 96.7% of the shares. Edgeware is a Swedish firm that develops, and markets IP-based video and TV content delivery technologies designed to allow customers to monetise these services. The transaction extended AGIL's geographic reach and capacity for cross selling, while also expanding its services and technology portfolio.

In 2021, the company integrated Edgeware and was extremely active on the M&A front, acquiring three companies/business units:

- **FON Technology:** a specialist in wifi on the move (OTM) solutions serving customers that include Tier 1 operators such as SFR or Deutsche Telekom. This acquisition bolsters AGIL's monetisation area, increases its customer bases and provides cross selling opportunities.

- **Wetek:** a Portuguese tech company that specialises in device management (e.g., media player, set-top boxes). This acquisition helped diversify AGIL's business mix through entry into new sectors (e.g., hotels, healthcare, education, logistics and retail sales) as monetisation solutions with targeted ads or customer relationship solutions can be added to the TV offering.
- **Euskatel, R Cable and Telecable Telec's TV businesses:** ADIL strengthened its partnership with MASMOVIL Group through these deals. They enabled AGIL to achieve a considerable jump in scale and strengthened its Agile TV Platform business.

Chart 6. Revenues by geographical areas (Agile Technologies)



Note: 100% of Agile Platform business line sales are in Spain. c.30% of total sales in 2022 were outside Spain.

Overall, this M&A activity enabled AGIL to change in four ways:

- **Size:** AGIL achieved revenue of EUR 101.5Mn in 2022 (vs EUR 11.0Mn in 2019). This represents a significant step-up in size, taking the company's business to a whole new level.
- **Business:** The deals helped (i) diversify the business mix by consolidating Agile TV Platform business, which accounted for 60% of total sales in 2022, and (ii) strengthen the Agile TV Technologies business line (from content processing to customer experience management) by entering new sectors (e.g., the hotel industry).
- **Recurrence:** the acquisitions added considerable recurrence to the business, with recurring revenue making up 74% of the total in 2022. This is backed by Agile TV's subscribed base in Spain.
- **Geographic footprint:** revenue from outside Spain represented c. 30% of total revenue in 2022 (compared to what was traditionally a local business in early 2019).

How was this growth funded?

The capital required to carry out all these acquisitions came from four sources:

- **Capital increases:** these featured: (i) the issuance in December 2020 of c. 3.3Mn new shares to acquire Edgeware, of which 2.3Mn exclude pre-emptive subscription rights (EUR 11.0Mn; oversubscribed by 6x) and 1.0Mn included pre-emptive subscription rights (EUR 5.0Mn).
- **Cash, shares and earnouts:** (i) part of the price paid for Fon Technology (EUR 5.2Mn) was in cash (EUR 1.6Mn) and part in shares (350,000), and included an earnout contingent on AGIL's growth, (ii) part of Wetek's acquisition (for up to EUR 9.3Mn) was paid in cash and shares (EUR 2.9Mn), plus earnouts for the following three years after the acquisition if the business plan is delivered, and (iii) 60% of the acquisition of Euskatel's TV business (EUR 32Mn) was financed with own funds, with payment of the remaining 40% at 12 months.
- **Debt:** for the Edgeware acquisition, ADIL took out a 6-year EUR 24 million bullet loan from three shareholders (Inveready, Onchena and Sierreblu) in addition to the capital increases. This loan accrues interest of 4.0% with half-yearly payments, increases of 0.25% at six months and a half-yearly fee of 1.5% of the amounts drawn down.

The company also raised capital in a variety of ways to fund both its organic and inorganic growth, including:

- Issuance in September 2020 of unsecured bonds convertible signed with Inveready in two tranches: (i) a first tranche for EUR 6.5Mn, and (i) a second tranche of EUR 0.5Mn falling due at 6 years with disapplication of pre-emptive subscription rights.
- An issue, formally agreed by AGIL in July 2021, of EUR 5.0Mn bonds signed with Inveready. The bonds can be redeemed as of the third year for shares or in cash at maturity following five years from issue. The company also sold EUR 5.6Mn of own shares.
- First bond issuance programme registered on Spanish alternative fixed-income market (MARF), in March 2022, for up to EUR 50.0Mn. This funding source ensures that the company will be able to pursue organic growth in a fragmented market and

also finance investments for its organic growth. And May 2022, AGIL signed another agreement with Inveready for a EUR 3.0Mn convertible bond issue.

Overall, AGIL's net debt increased from EUR 0.6Mn in 2019 to EUR 28.7Mn at year-end 2021 (the year in which it made three acquisitions). At year-end 2022, it stood at EUR 20.3Mn (ND/recurring EBITDA of 5.7x). Meanwhile, the company's shareholder structure has changed as follows: (i) the founders currently own 16% (vs 40% in 2015), (ii) Inveready's interest now stands at 9.8% (vs c.16% in 2015), (iii) other institutional investors have acquired shares, including Onchena S.L., which has a 6.9% stake and (iv) Free float has increased to c.55% (vs 41% in 2015).

The recent experience (-7y) shows: change in business mix and sharp jump in size, but yet to be turned into profit.

Looking at performance of key metrics (e.g. sales, gross margin, recurring EBITDA), AGIL's business in the 2016–2022 period featured:

Table 2. Key metrics

Mn	2016	2017	2018	2019	2020	2021	2022
Total Revenues	10.8	7.9	8.8	11.0	20.4	55.2	101.5
Total Revenues growth	*30.2%*	*-27.4%*	*12.1%*	*24.5%*	*86.0%*	*170.3%*	*83.9%*
Gross Margin	**5.4**	**6.8**	**7.1**	**8.0**	**11.3**	**29.9**	**42.8**
Gross Margin (o/Revenues)	*50.2%*	*86.9%*	*80.9%*	*72.5%*	*55.5%*	*54.1%*	*42.1%*
Overhead Cost	(6.7)	(7.6)	(8.4)	(8.0)	(11.9)	(28.6)	(39.2)
% o/Revenues	*-61.7%*	*-96.7%*	*-95.6%*	*-72.4%*	*-58.2%*	*-51.9%*	*-38.6%*
EBITDA Recurrente	**(1.3)**	**(0.8)**	**(1.3)**	**0.0**	**(0.6)**	**1.2**	**3.5**
Rec. EBITDA/Revenues	*-11.5%*	*-9.8%*	*-14.7%*	*0.1%*	*-2.7%*	*2.2%*	*3.5%*
EBITDA	**(1.2)**	**(0.7)**	**(1.3)**	**0.0**	**(1.8)**	**(1.2)**	**3.6**
Rec. EBITDA/Revenues	*-11.3%*	*-9.4%*	*-14.2%*	*0.2%*	*-8.6%*	*-2.2%*	*3.5%*
EBIT	**(3.4)**	**(0.7)**	**(0.9)**	**0.1**	**(1.2)**	**(3.6)**	**(3.7)**
Rec. EBIT/Revenues	-31.5%	-9.5%	-9.8%	1.2%	-5.9%	-6.6%	-3.6%
Net Financial Result	**(0.3)**	**0.8**	**(0.6)**	**0.4**	**(1.4)**	**(2.1)**	**(1.2)**

- **Strong jump in revenue over the past three years:** the trend in revenue can be divided up into two stages: (i) the 2016-2019 period, which featured the discontinuation of the lower value-added business lines (e.g., online video streaming packages) in 2017, which explains the drop in revenue) and the redefinition of the sales mix by boosting scalable (and more recurring) SaaS businesses, and (ii) the 2020-2022, shaped by the inorganic growth strategy, the integration of acquisitions and organic growth, with a 9.2x increase in revenue in 2022 compared to 2019.

- **Sharp contraction in gross margin due to the change in the business mix:** the increase in the weight of the Agile TV Platform line in the business mix in 2020 caused the margin to narrow by 17p.p. vs 2019. While this business line commands a thinner margin, in theory it offers (over the long term) greater scope for growth (larger scale) via TV services outsourcing by telecom operators. Gross margin narrowed considerably again in 2022 by higher cost of sales arising from the Agile TV Platform's increased activity and the Wetek acquisition.

- **Profitability:** recurring EBITDA exceeded break-even in 2021, reaching EUR 1.2Mn (excluding capitalised costs and extraordinary expenses), and totalled EUR 3.5Mn in 2022 (recurring EBITDA ratio of 3.5%). The next few years will be crucial to gauge AGIL's ability to leverage its structure.

  Below EBITDA, (i) D&A jumped from EUR 2.0Mn in 2017 to EUR 13.2Mn in 2022. This was largely the result of amortisation of goodwill and hefty investment in R&D, (ii) capitalised costs, which increased from EUR 2.1Mn in 2016 to EUR 6.7Mn in 2022 (6.6% of revenues) and (iii) the net finance expense, which increased to EUR -1.2Mn in 2022 (vs EUR -0.3Mn in 2016) as AGIL increased debt to finance the inorganic growth strategy pursued in recent years. EBIT c. EUR -4 Mn.

- **Net debt of EUR 20.3Mn in 2022 (vs 28.7Mn in 2021):** net debt is high as a result of strong inorganic growth over the past few years: (i) bank borrowings of EUR 9.8Mn (28% of the total), (ii) convertible bonds worth EUR 11.9Mn (34% of the total) and (iii) deferred payments on acquisitions of EUR 10.8Mn (31% of the total). EUR 7.2Mn are payable in shares.

Chart 7. Revenue and gross margin

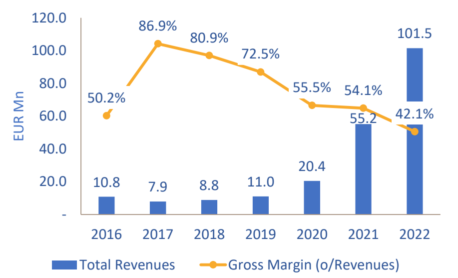


Chart 8. Recurrent EBITDA

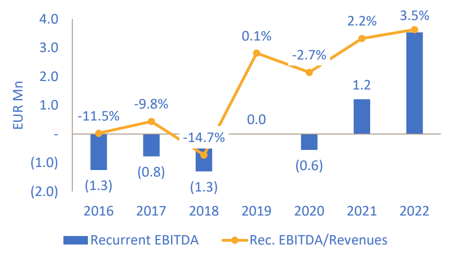


Table 3. Net Debt

	2017	2018	2019	2020	2021	2022
Net Debt (Net Cash)	**6.9**	**6.3**	**0.6**	**6.2**	**28.7**	**20.3**
Net Debt/EBITDA Rec.	n.a	n.a	67.4x	n.a	23.6x	5.7x

Table 4. Debt Maturity

	1 year	2 years	3 years	4 years	5 years	more than 5 years	Total
Financial Debt	1.7	2.2	2.2	3.7	0.0	0.0	9.8
Other liabilities	0.7	0.3	0.2	0.2	0.2	0.6	2.1
Convertible debt	0.0	0.0	0.0	11.9	0.0	0.0	11.9
Payments pending for acquisitions	5.7	2.8	1.3	1.0	0.0	0.0	10.8
Payable to related parties	0.1	0.0	0.0	0.0	0.2	0.0	0.2
Total (EUR Mn)	**8.2**	**5.2**	**3.7**	**16.8**	**0.4**	**0.6**	**34.9**

Table 5. Shareholders Structure

	% Capital
Hernan Scapusio Vinent	9.9%
Mónica Rayo Moragón	6.3%
Grupo Inveready*	9.8%
Onchena S.L	6.9%
TV Azteca SAB de CV**	6.9%
Jose Poza	5.3%
Treasury Stock	0.5%
Free float	54.5%
Total	**100%**

Note: *Grupo Inveready is represented by Beltrán Mora, **TV Azteca is represented by Pedro Martín Molina.

A shareholder body controlled by the founders and long-term investors. Free float c.55%.

The board of directors, with strong representation of institutional investors, directly and indirectly controls c.38% of AGIL, led by the founders (c. 16% of capital), who hold two key positions in the company (chairman and CTO). All this ensures the full alignment of management's interests with those of minority shareholders. Free float c. 55% of capital.

What is AGIL today? A tech company that has taken a major step-up in scale through inorganic growth (2020–2021). The challenge (and opportunity) now is to make the structure in place (investment is already done) profitable.

From a strictly description point of view, AGIL is a tech company focused on providing solutions to telcos and media. The company has grown considerably (mostly via M&A) over the past three years, increasing in size by 9x. Profitability is improving, but margins (e.g., EBITDA margin) are still thin. The equity story points to a model seeking to consolidate the M&A strategy pursued in recent years (revenue and cost synergies) and achieve 'meaningful'/significant improvement in profitability. The current snapshot is that of:

- A technology company with positioning all along its users' value chain. With internally developed technology or technology obtained via acquisitions. It covers everything from content creation to delivery for end consumption, targeting mostly telcos and content distributors/creators as customers.

- It has grown through M&A. In the 2020-2022 period, revenue increased by 9.2x from 2019 thanks to the acquisitions of Edgeware, Fon Technology and Wetek, and of the TV businesses of Euskatel S.A, R Cable and Telecable Telec. Moreover, it has laid the foundations for expansion in a business that, in theory, boasts stronger potential (but stiffer competition) in a sector driven by the explosive growth of video streaming consumption (the sector driver is indisputable).

- However, it has yet to convert its strong growth in revenue into any real improvement in profitability. This in itself is AGIL's challenge and opportunity. Its equity story.

- Underpinned by a recurring business. The integration of the acquisitions has raised the share of recurring revenues in the total to 74% (2022).

- But the ND/recurring EBITDA multiple is high. At year-end 2022, it stood at 5.7x (EUR 20.3Mn of ND), which will dictate how the company's inorganic growth strategy will unfold. To a certain extent, it simplifies the idea surrounding AGIL: it has already achieved its growth. What's left now is (a huge opportunity) to achieve profitable growth. In theory, there is huge upside in margins.

Video streaming: (strong/unstoppable) growth thanks exclusively to the digital transformation of the economy

Agile Content (AGIL) is a technology group with operations in the audio and video streaming (IPTV/OTT) industry. It provides video creation, distribution and monitoring solutions to audiovisual and telecommunications customers through both hardware and software.

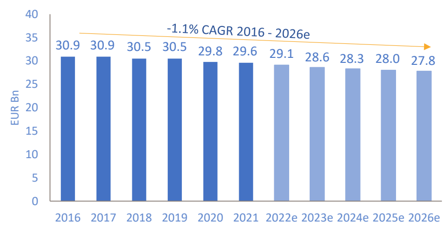
Because of the COVID-19 pandemic, consumers became increasingly interested in digital content and services, including streaming entertainment. This, along with the digital transformation and algorithmic search and recommendation engines, which influence the choices that billions of consumers make (about their time and money), are changing how people consume/spend their time. According to PwC's *E&M Outlook 2022–2026* report, by 2026 the global entertainment and media (E&M) consumer base will be younger, more digital and more into streaming and games.

This change is affecting different industries in different ways. Sectors that were irrelevant before are now poised to make breakthroughs, while those that dominated before (e.g., traditional TV and over-the-top or OTT video) will see their competitive positions eroded. One sector benefiting from the tailwinds is digital advertising, but why? The answer is simple: consumers are spending more and more time in digital environments, where ads can reach them and where they can carry out transactions in real time.

Traditional TV: Spain is Europe's second largest IPTV market

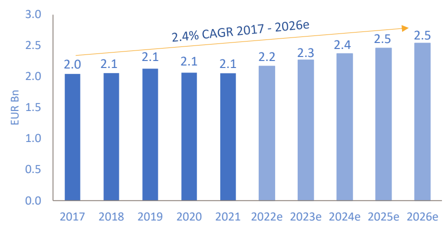
Traditional TV (satellite, cable and IPTV) is trending downward around the world but is expected to level off in 2026e. Its revenue is expected to shrink from USD 231Bn in 2021 to EUR 222Bn in 2026e (-0.8% CAGR 2021-26e). Subscription or pay TV revenue reached USD 188Bn in 2021 (vs USD 205Bn in 2017), representing 81.4% of traditional TV revenue, according to PwC.

Chart 9. Traditional TV revenue evolution in Europe



Source: State of digital Communications, ETNO

Chart 10. Traditional pay TV revenue evolution in Spain.



Source: Entertainment and media outlook 2022 - 2026, PwC

Analysys Mason estimates that traditional TV revenue in Europe will fall from EUR 31Bn in 2016 to EUR 28Bn in 2026 (-1.1% CAGR 2016-2026) (see Chart 9). Telecom operators spent 2021 and 2022 carrying out M&A deals and disposals. Noteworthy transactions included: (i) Orange's acquisition of a majority stake in Telekom Rumania, (ii) MasMovil's acquisition of Euskatel and (iii) the merger of the UK operations of Virgin Media (Liberty Global) and 02 (Telefónica). According to the European Audiovisual Observatory, these market movements were generally designed to: (i) expand business to new territories, (ii) feed premium content at competitive prices and (iii) become more competitive in the streaming war.

In Spain, the decline in traditional TV revenue slowed in 2021 compared to previous years, to 0.4%. The number of households with subscription TV has risen consistently despite the fall in revenue, which shows consumers' preference for low-cost options and combining them with OTT services. Subscription TV revenue in Spain is forecast to reach EUR 2.5Bn in 2026e (4.3% CAGR 2021-2026e; with the number of households increasing from 7.7Mn in 2021 to 9.4Mn in 2026e) (see Chart 10).

Spain's IPTV market (internet protocol television, i.e., a way of broadcasting TV via internet on broadband) looks set to grow from 5Mn to 7.6Mn subscribers in 2026e, accounting for 81% of the total subscription TV market (4.4% CAGR 2021-2026e for subscribers). Movistar+ is the leading IPTV provider and Vodafone and Orange are its main rivals. Agile is present in this market with its TV alongside MasMovil and its IT solutions).

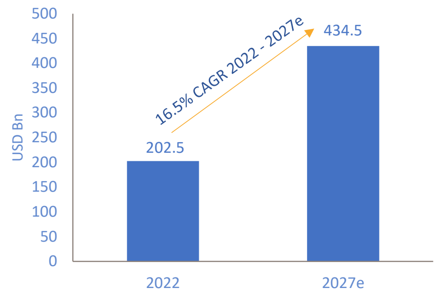
Over-the-top (OTT) video: a better user experience at a lower price

Over-the-top (OTT) platforms and applications provide online video content (without using broadband) in place of cable or satellite TV. The OTT market offers multiple services (monetisation models):

- **Subscription Video on Demand (SVOD):** services offering users content through a subscription. Viewers pay a flat monthly or annual fee for ad-free videos. Netflix is the leading example of an SVOD platform.
- **Transactional Video on Demand (TVOD):** users buy content on a pay-per-view basis. Viewers can watch content live (e.g., a football match) or access the content during a specific period of time. Amazon Instant Video and Itunes are examples of TVOD platforms.
- **Advertising Video on Demand (AVOD):** content service providing users free access to videos, but with ads. Youtube is a prime example of an AVOD platform.

According to marketsandmarkets, the size of the global Over the Top market (where AGIL operates) was estimated at USD 202Bn in 2022 and is anticipated to exhibit a CAGR of 16.5% in 2022e-2027e to USD 434Bn (see Chart 11). The major driver of growth is the change in the way consumers watch videos and consume television content. Consumers can now access content using any device and from anywhere, with a user-friendly interface and a better experience. They have a plethora of content and services (e.g., Disney, DAZN, Amazon, Netflix, Apple TV, YouTube) available at low prices that do not imply a high cost. This is translating into fierce competition among businesses to attract customers and retain them.

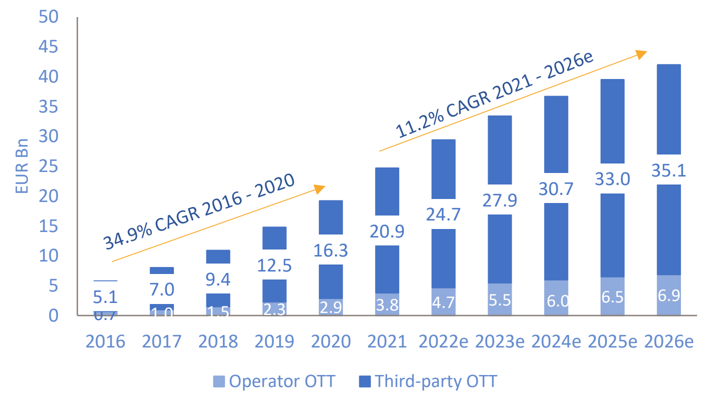
Chart 11. Global OTT Market



Source: marketsandmarkets

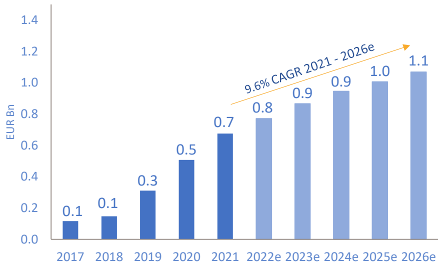
In Europe, OTT video revenue is estimated to increase from EUR 25Bn in 2021 (vs EUR 5.8Bn in 2016) to c. EUR 42Bn in 2026e (CAGR 2021–2026e of 11%) (see Chart 12). This sharp increase is due, among other factors, to the change in how consumers perceive value in traditional TV services. The companies with the largest SVOD market shares in Europe by number of subscriptions in 2021 were: Netflix (36.2%), Amazon Prime Video (22.5%) and The Walt Disney Company (12.4%). The three companies with the largest market shares by revenue in 2021 were Comcast (13.1%), Netflix (5.7%) and ARD (5.3%), according to the European Audiovisual Observatory.

Chart 12. OTT market revenues in Europe



Source: State of digital Communications, ETNO
Note: Third-party OTT refers to paid-for services offered by OTT video providers that have not offered traditional pay-TV services in a country in the past: for example, Netflix.

Chart 13. OTT market revenues in Spain

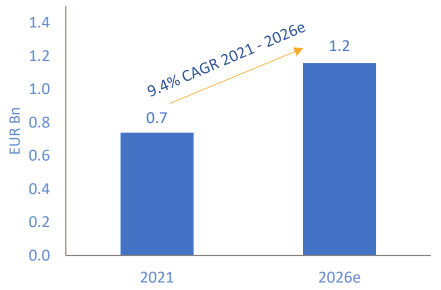


Source: Entertainment and media outlook 2022 - 2026, PwC

According to PwC, OTT revenue in Spain grew 33.1% in 2021 to EUR 675Mn and is expected to grow at a CAGR 2021-2026e of 9.6% to EUR 1.068Bn in 2026e. Growth has been constrained by the ‘pay lite’ options offered by telecoms. These companies are increasingly looking to include Netflix and Amazon streaming services or launch their own OTT platforms.

According to a study on consumer usage and attitudes towards digital content in Spain in 2021, 80.3% of people aged 16 to 74 consumed films, series, videos, etc., compared to 41.4% in 2011. Looking strictly at consumption patterns, we see that: (i) 19.5% of those surveyed said that in 2021 they do not consume digital content, compared to 58.6% in 2011, and (ii) 39% in 2021 said they consume digital content daily, compared to 3% in 2011. The report concludes that the pandemic caused consumption of digital content to increase. According to a survey conducted by IAB Spain, the factors considered by respondents when deciding which TV content service to buy were: (i) lower monthly subscriber fee (51%) and (ii) free services (37%).

Chart 14. Video advertising revenues in Spain



Source: Entertainment and media outlook 2022 - 2026, PwC

Internet advertising: CAGR 2021–26e of 9.4% in internet advertising in Spain

Global internet advertising revenue is forecast to grow at a 9.1% CAGR in 2021-2026e (to reach USD 724Bn in 2026). The main drivers of this growth are expected to be video on social platforms and connected television (CTV), along with mobile ads. CTV advertising spend is forecast to grow at a 17.3% CAGR in 2021-2026e to reach USD 27.7Bn in 2026e, according to PwC.

Internet advertising spend in Spain reached EUR 3.9Bn in 2021 and look set to growth at a CAGR 2021–2026 of 5.8% to EUR 5.2Bn in 2026. The video advertising sub-sector is expected to be the fast growing (CAGR 2021–2026e of 9.4%), from EUR 738Mn to EUR 1.157Bn in 2026. Video content in digital environments is poised to be the main growth driver.

Increased consumption of streaming content via CTV opens up new forms of advertising. It enables advertisers to use programming technology to reach specific audiences. Shifting ads directly onto the device on which content is delivered provides an opportunity to expand the amount of content that can receive in-stream video ads, while simplifying and standardising the process. In short, the increasing use of CTV has led to the development of new techniques, such as:

- **Dynamic product placement:** an advertising strategy enabling a product or billboard or screen featured in content to be substituted or overlaid with a different brand or advert. The Agile Content Processing solution allows customised ad inserting and replacement.
- **Addressable advertising:** addressable TV advertising enables brands to 'build' strong relationships with customers. The generic ad switches to a personalised ad (each connected TV has its own unique ID). By adopting a customer data-driven approach, advertising impact can be measured more precisely and spending on alternatives can be adapted to maximise ROI. For instance, the Agile Content Store provides performance proposal and campaign data analysis and analysis on end user purchasing behaviour.
- **TV – live commerce and shopping.** placement of clickable content or QR codes (via CTV and OTT) so viewer can shop and watch their programmes at the same time.

Content management and user experience

The global content delivery networks market (CDN; a geographically distributed group of servers around the world that enables fast delivery of a website's content) was valued at USD 19.2Bn in 2022 and is projected to increase to USD 34.5Bn in 2027e, according to marketsandmarkets. Agile Content has a proprietary CDN solution.

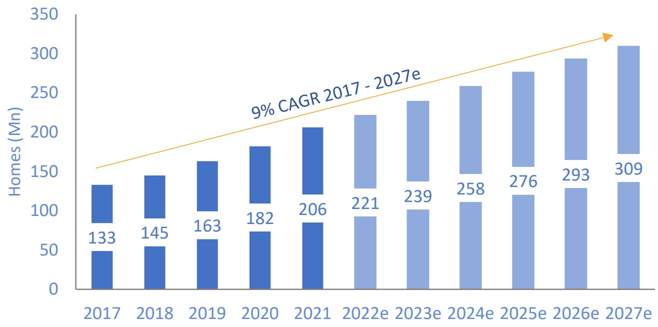
The main growth drivers are: (i) increased internet penetration (Cisco estimates that internet users represent 66% of the global population in 2023), (ii) growing demand for high-quality latency-free content and (iii) expansion of mobile devices and cloud services.

Investment in 5G and FTTH (fibre-to-the-home) in Europe: enablers of the transformation to a digital society

Telecommunications operators are investing more and more on upgrading their infrastructures. There are currently two focal points: (i) investment in 5G SA and (ii) modernisation of fixed-to-FTTH local access networks. Both will play a major role in shaping the social and economic dimensions of Europe's digital transformation.

FTTH is the premier network technology thanks to its high speed, the long useful life of the assets, its low costs and energy efficiency. These strong points have prompted the EU as a whole and national governments to offer grants and adopt policies that prioritise FTTH deployment. As a case in point, the Spanish Government has defended FTTH connectivity even in rural areas, using regional funds allocated by the EU. However, new FTTH network deployment requires higher start-up investment compared to other networks. FTTH network coverage has increased to 55.6% of Europe's population from 50% in 2021. This means there is still plenty of room to grow. FTTH Council Europe forecasts that the number of broadband homes passed will rise from 221 Mn in 2022 to 309 Mn in 2027e (see Figure 15). This will enable more households to change how that experience and consume TV.

Chart 15. Evolution of FTTH/B Homes Passed (million)



Source: FTTH Council Europe
Note: EU38+United Kingdom

Investment in 5G SA will be key to driving enterprise value by enabling: (i) a high density of connected devices (up to 1 million per km^2) while ensuring fast, ultra-reliable and low-latency communication, and (ii) the creation of new revenue opportunities for telecom operators (e.g., offering more advanced value-added services such as private networks). However, to exploit 5G's full capabilities, there need to be more 5G standalone (SA) networks; most 5G networks today are non-standalone (NSA). According to ETNO's State of Digital Communications 2023 report, 5G population coverage in Europe reached 73% in 2022 (vs 13% in 2019).

Some factors increasing the importance of 5G and FTTH are: (i) continuous increase in data consumption due to working from home, remote schooling, OTT platforms, social media, gaming, etc., which make intensive use of high-quality video content streaming, which requires broadband capacity, and (ii) achievement of the targets of the European Commission's 2030 digital agenda, which recognises the importance of public-private partnerships to ensure that every EU household is connected to a gigabit network and that 5G reaches everyone by 2030.

Exponential growth in data traffic poses a challenge for further investment Europe's networks. This has resulted in tighter relations among Europe's telecom operators and the major OTT and tech companies (e.g., Netflix, Disney+, Youtube, Apple). Telecom operators in Europe are only undertaking the investments necessary to cater to the increase in demand in traffic, while OTT platforms, which benefit from delivering more traffic, must bear some of the costs. According to an Axon Partners report, traffic growth (due to OTT platforms) is costing Europe's telecom operators between EUR 36Bn and EUR 40Bn a year. It estimates that a further EUR 150Bn will need to be spent on deployment of these new networks (5G and FTTH). This will have a positive impact on GDP and employment in Europe. That being said, the hefty investment required plus the additional cost of higher traffic could result in delays, implying an enormous opportunity cost.

In summary, new streaming video consumption habits are driving growth in all segments with direct or indirect exposure

The industry is in the midst of its digital transformation. The boom in OTT is multiplying the ability to access content at anytime from anywhere, increasing competition around the world to attract and retain users. From a sector viewpoint, the main trends and challenges that lie ahead are:

- **Change in value proposition**: the ability to consume content anytime, anywhere, on any device, without interruption, at a much lower cost than traditional pay-TV and with a user-friendly interface and good user experience has changed how subscribers perceive the value of traditional media services and offerings.
- **Fragmented market*:*** Europe's pay-TV market is highly fragmented (making it a hotbed for M&A), with myriad pay-TV operators vying to up their market share and achieve economies of scale. The cost split (e.g., content production, distribution, IT infrastructure, personnel) over a broader customer base represents a clear and huge

competitive advantage for global operators vis-à-vis local/national European operators.

- **A highly competitive market:** competition is fierce due to: (i) consumers' multiple options due to the large number of platforms (with high price sensitivity), (ii) the limit to the services to which households will subscribe (boding well for content bundling and sector consolidation) and (iii) the battle for users' (finite) entertainment time.
- **Network deployment***:* as Europe's businesses and people become more 'digitalised', deployment of the FTTH and 5G networks in Europe (with the support of governments and the EU) will become more important than it already is. This will accelerate the digital transformation and its direct or 'knock-on' effects.

In other words, this is a high growth sector. The industry is also benefiting from two clear and convergent drivers: i) private sector interest in seizing the advantages afforded by the digital transformation (e.g., connected TV) and a better and more reliable internet connection; and ii) public sector interest in encouraging investment in infrastructure to boost economic growth, promoting high-speed connectivity, network sustainability and digital technologies.

Put simply, video streaming (the sub-sector where AGIL "lives") is a (logical, if not "automatic") beneficiary of the digital transformation. This, in turn, is the result of the unstoppable combination of three factors: 1) technology, 2) consumers' and businesses' rapid change/adaptation to new digital products and/or services, and 3) the macro impact of digitalisation, causing the public sector to legislate and, more importantly, invest (in infrastructure) to cash in on the opportunity. Companies associated with the some of the myriad "knock-on" effects of the digital transformation (e.g., streaming video) necessarily stand to benefit. Almost without trying.

Revenue growth is easing (CAGR 22–25e: 8.6%). But there is an opportunity (and challenge) to boost profitability

FY 2022 results featured: (i) very strong revenue growth (c.84% vs. 2021) in both business lines, fuelled by the company's transformation thrust, which has led it to acquire four companies in recent years, resulting in a major step-up in scale (9.2x 2019 revenue). Agile TV Platform delivered revenue growth of 113.5% vs. 2021, at EUR 60.8Mn. And revenue at Agile TV Technologies increased 54.2% to EUR 40.7Mn in 2022. Pro forma organic growth (considering full-year *pro forma* revenue of the companies and businesses acquired in 2021) was 28.6%; (ii) a slight increase in the recurring EBITDA margin to 3.5% (vs. 2.2% in 2021); and (iii) high leverage (ND/rec. EBITDA: 5.7x), due to the M& activity of recent years.

At this point, the key questions are: What is the business' capacity for organic growth? What levels of profitability can be achieved in a favourable scenario? And in a stressed scenario? What is the business' capacity for cash generation?

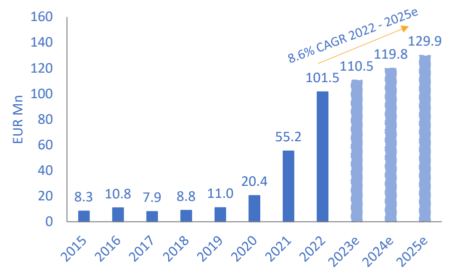
Scope for purely organic revenue growth, building on the M&A strategy of recent years (CAGR 2022-2025e: 8.6%) …

The M&A strategy executed in 2020 and 2021 provides the necessary ingredients for organic growth in coming years. In general, we would highlight:

- **Step-up in scale…** in 2022, AGIL reported EUR 101.5Mn of revenue vs. EUR 11.0Mn in 2019. In other words, it has multiplied its topline by a factor of 9.2x in just three years thanks to the acquisitions of: (i) Edgeware; (ii) FON Technology; (iii) Wetek; and (iv) the TV business of Euskatel, R Cable and Telecable Telec.
- **… laying the foundations for a recurring revenue base:** the acquisitions have significantly boosted recurring revenue. 74% of 2022 revenue can be considered recurring, underpinned mainly by Agile TV Platform subscribers in Spain.
- **With a scalable business model on paper:** AGIL's product business has proprietary software solutions (under the SaaS model), which in theory should allow it to leverage its structure during the projection period (without considering the impact on overhead/revenue of potential acquisitions).

Our baseline scenario for 2023e-2025e contemplates organic revenue growth to EUR 129.9Mn in 2025e (CAGR 2022e-2025e: 8.6%). Given the intensity of the M&A activity undertaken in 2020-2021 and the net debt built up as a result (EUR 20.3Mn; ND/rec. EBITDA 2022: 5.7x) we have not included potential acquisitions in our numbers. However, given the sector's characteristics (highly fragmented in Europe) and the concentration trend, we would not rule out the odd acquisition at AGIL. Growth drivers by business line:

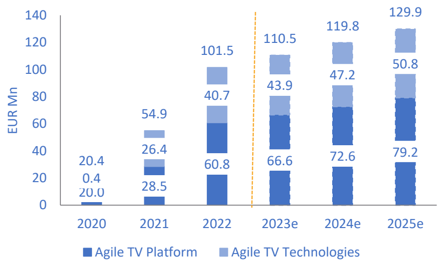
Chart 16. Total revenues (8.6% CAGR 2022 – 2025e)



- ***Agile TV Platform:*** we are forecasting organic growth in the Agile Platform business of 9.5% in 2023e to EUR 66.6Mn thanks to: (i) growth in new customers (c.798,000 households at year-end 2022, +88,100 vs. 2021), as many of the telecommunications companies' customers have yet to subscribe to a television platform. There is therefore scope for organic growth. Elsewhere, the rollout of 5G and FTTH networks in Europe will give new households access to the sector and improve the television experience; and (ii) albeit to a lesser extent, price growth, for higher average revenue per user (ARPU).

  Our forecasts put revenue at EUR 79.2Mn in 2025e (CAGR 2022-2025e: 9.2%). We think this business's contribution will remain largely stable (60.9% vs. 59.9% in 2022) Note that growth in this business line could be affected - positively or adversely - by a merger between Orange and MasMóvil.
- ***Agile TV Technologies:*** we are forecasting growth of 8.0% in 2023e to EUR 43.9Mn (39.7% of total revenue). Organic growth in customers thanks to the following sectorwide drivers: (i) sharp growth in video content; (ii) generation and

Chart 17. Revenue by business line



consumption of personalised content; and (iii) growth in advertising associated with that content and a growing ability to segment advertising. Our forecasts put revenue at EUR 50.8Mn in 2025e (CAGR 2022-2025e: 7.7%). The weight of this business line is also expected to remain stable (39.1% in 2025e vs. 40.1% in 2022).

In sum, high single-digit revenue growth in both business lines. Building on the sharp M&A-led growth of recent years. Thanks to revenue synergies (e.g., cross-selling of solutions), among other drivers. The business mix is expected to hold steady with c.60% of revenue coming from Agile TV Platform and c.40% from Agile TV Technologies. The equity story is momentum in organic growth in the coming years (we have not built potential acquisitions into our numbers). 2023e will be key to confirming the company's ability to deliver organic growth.

Chart 18. Revenue mix by business line

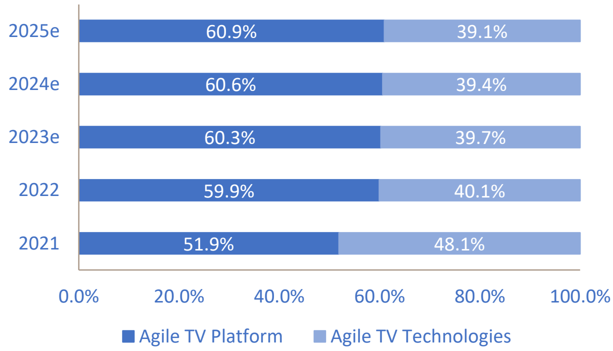


Chart 19. Cost Structure

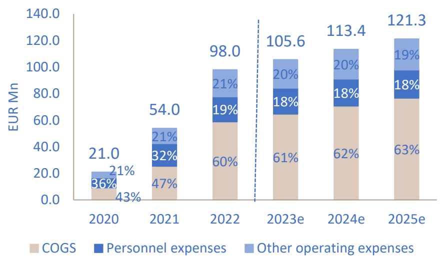
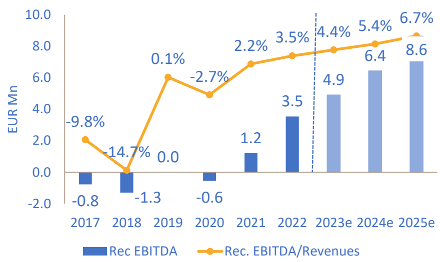


Chart 20. Recurrent EBITDA



…with gradual improvement in the recurring EBITDA margin to 6.7% in 2025e

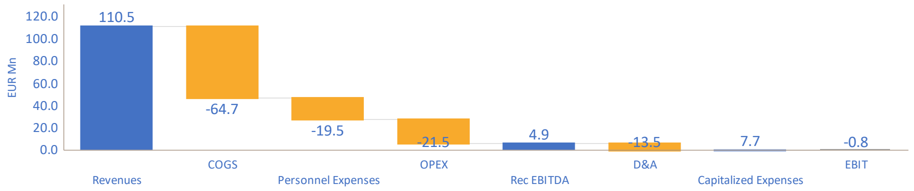
We are forecasting slight contraction in the gross margin in 2023e to 41.5% (vs. 42.1% in 2021) as a result of a higher contribution by Agile TV Platform, which requires a higher cost of sales. In 2025e, we are projecting a gross margin of 41% (which is where we expect it to stabilise).

In 2023e, we are forecasting an increase in overhead to EUR 41.0Mn (4.5% vs. 2022), shaped by EUR c.19.5Mn of personnel expenses (17.6% of 2023e revenue) associated with indirect labour and EUR 21.5Mn of other operating expenses (19.4% of 2023 revenue). Our numbers factor in economies of scale thanks to cost synergies unlocked by the acquisitions of 2020-2021.

We are forecasting margin expansion in 2023e-2025e, underpinned by scope for operational gearing at AGIL. That is the crux of the equity story. 2023e-2025e will be key to demonstrating the company's ability to boost its profitability (which has yet to materialise).

Below the EBITDA line in 2023e we would highlight: (i) amortisation of goodwill and other intangible assets and depreciation of property, plant and equipment of EUR 13.5Mn (12% of 2023e revenue); and (ii) capitalisation of R&D costs in the amount of €7.7Mn (7% of 2023e revenue). Our estimates for 2024e and 2025e assume a gradual improvement in the recurring EBITDA margin to 6.7% by the end of the projection period.

Chart 21. From revenue to EBIT 2023e



Net loss of EUR 1.9Mn in 2025e.

Our estimates do not include additional impacts from extraordinary items. We model a cost of debt of c.7% (the cost at the date of this report). Thanks to the company's ability to generate recurring FCF, its finance costs should trend downwards from EUR 2.2Mn in 2023e to EUR 1.7Mn in 2025e. We are estimating a net loss of EUR 3.8Mn in 2023e (vs. a loss of EUR 6.4Mn in 2022).

The growth in recurring EBITDA and downtrend in finance costs will be offset to a degree by the growth in amortisation charges due to high R&D capitalisations (7% of revenue 2023e-2025e). For 2024e, we are forecasting a net loss of EUR 3.2Mn, improving to EUR 1.9Mn in 2025e.

Free cash flow: EBITDA growth will fuel cash generation…

The working capital ratio was -8.9% of revenue in 2022. The key line items are: (i) trade receivables of EUR 22.2Mn (21.8% or revenue); and (ii) trade payables of EUR 27.0Mn (26.6% of revenue). We have projected a slight improvement in the average collection period to 60 days between 2023e and 2025e. We are not assuming any change in the average payment period (c.100 days). That would drive an improvement in the WC ratio to -9.7% of revenue.

We are assuming average CAPEX of c.EUR 1.8Mn. The company has already made significant investments and should only have to incur maintenance CAPEX (besides R&D). That assumption could be affected by the start-up of projects requiring significant investments (e.g. entry into a new country). In 2022, AGIL's total investment (capitalised R+D expenses + CAPEX) accounted for 8% of revenue. For 2023e, we are forecasting EUR 7.7Mn of capitalised costs and EUR 1.7Mn of CAPEX for a total investment ratio of 9% of 2023e revenue.

Our baseline scenario contemplates positive recurring FCF generation in 2023e of EUR 3.2Mn (66% of recurring EBITDA, recurring FCF yield of 3.7%). Thanks to EBITDA growth momentum, FCF should increase to EUR 5.2Mn in 2025e (recurring FCF yield 2025e: 5.9%).

Chart 22. From recurrent EBITDA to Recurrent FCF 2023e

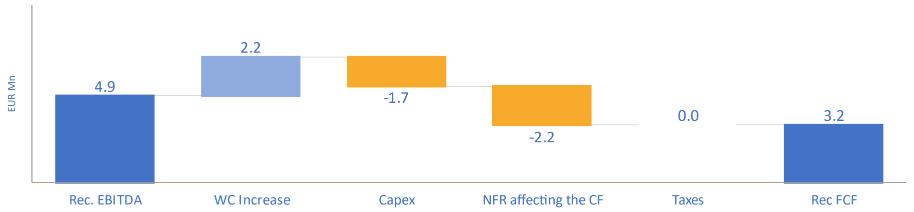
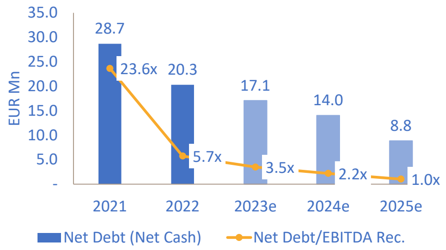


Chart 23. Net Debt



… inevitably driving a reduction in net debt. To end the projection period at EUR 8.8Mn (ND/rec. EBITDA: 1.0x)

AGIL's net debt decreased from EUR 28.7Mn to EUR 20.3Mn in 2022 (ND/rec. EBITDA 2022: 5.7x). The company's borrowings are made up of: (i) bank borrowings (EUR 9.8Mn, 28% of the total); (ii) convertible bonds (EUR 11.9Mn, 34% of the total); and (iii) deferred payments for acquisitions (EUR 10.8Mn, 31% of the total).

Leverage is expected to remain high in 2023e (ND/rec. EBITDA 2023e: 3.5x). However, if the company delivers our estimates, net debt will decrease to reasonable levels in 2024e (ND/rec. EBITDA: 2.2x), arriving at 1.0x by 2025e. Our forecasts do not contemplate additional debt to fund M&A activity.

In short, moderate revenue growth and a margin expansion opportunity/test whose delivery is the crux of our estimates.

The current snapshot is that of a technology company riding sector tailwinds: sharp growth in streamed video content consumption and online advertising (see Industry section). Those sector drivers were accentuated by the pandemic and have not reverted. Our estimates (2023e-2025e) hinge on:

- Similar organic growth (CAGR 2022-2025e: 8.6%) in both business lines. Underpinned by: (i) growth in users; and (ii) sectorwide growth in the consumption of streamed video content (CAGR 2021–2026e: 11.6% in Europe) and online advertising (CAGR 2021-2026e: 9.1% worldwide).

- The opportunity (and tall challenge) to leverage the company's existing structure (thanks to the intense M&A activity undertaken in 2020 and 2021) and eke out cost synergies (rationalising that same structure) so as to start to push margins to the levels expected of a technology product company.

- Growth in recurring FCF generation (driven by the growth in recurring EBITDA). Here, we think the keys will be: (i) CAPEX management, critical in a sector in which the players need to “strike the right balance” (side stepping the risk of negative FCF while avoiding the risk of solution obsolescence); and (ii) the impact of still-high debt levels on cash flow generation.

In short, what do these numbers tell us? How do we see AGIL? Following a period of exponential growth in recent years (essentially via M&A) what the company can offer investors in the medium and long term is:

- Positioning all along its users’ value chain from content generation to end consumption.

- Scope for organic topline growth of c.9% in the next three years. Having catapulted its revenue via M&A (9.2x between 2019 and 2022).

- Proven track record integrating targets in a sector that is concentrating (the European market is highly fragmented, paving the way for continued M&A activity).

- Upside in profitability (this is the factor to watch in our opinion). 2023e will be key to verifying that this upside is beginning to materialise. We are forecasting significant EBITDA margin expansion: from 3.5% (2022) to 6.7% (2025). Shaped by a combination of factors: organic revenue growth and operational gearing and synergies (still to be unlocked) in the wake of the M&A activity undertaken in recent years. That is our (demanding) baseline estimate scenario.

The fact that it is demanding implies logical/inevitable risks: (i) intense competition in the sector given the ease with which users can switch provider; (ii) the limited number of services a given household can subscribe to; (iii) the risk posed by a potential merger between MasMóvil and Orange for the Agile TV Platform business line (not contemplated in our baseline scenario).

AGIL’s numbers are those of a company enjoying clear and strong sector tailwinds. A company that has already scaled up (and leveraged up). One that now faces the challenge of unlocking economies of scale (returns on the investments made). One that, on paper, offers significant growth potential via margin expansion. The company’s 2023 and 2024 results will be the acid test for a margin-driven equity story.

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value (1)
Free Cash Flow "To the Firm"	**5.4**	**5.0**	**6.9**	**85.6**

			Best Case	Worst Case
Market Cap	**87.6**	At the date of this report		
Net financial debt	**20.3**	Debt net of Cash (12m Results 2022)		
Cost of Debt	6.6%	Net debt cost	6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)	=	=
Net debt cost	**5.3%**	**Kd = Cost of Net Debt * (1-T)**	**5.1%**	**5.5%**
Risk free rate (rf)	3.5%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	6.0%	R (own estimate)	5.5%	6.5%
Beta (B)	1.3	B (own estimate)	1.2	1.4
Cost of Equity	**11.3%**	**Ke = Rf + (R * B)**	**10.1%**	**12.6%**
Equity / (Equity + Net Debt)	81.2%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	18.8%	D	=	=
WACC	**10.2%**	**WACC = Kd * D + Ke * E**	**9.2%**	**11.3%**
G "Fair"	**2.0%**		**2.0%**	**1.5%**

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	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
Brightcove	BCOV-US	159.3	n.a.	n.a.	10.6	n.a.	0.9	n.a.	8.4%	n.a.	n.a.
Kudelski	KUD-CH	105.3	37.8	n.a.	8.8	19.2%	0.6	4.6%	6.8%	8.6%	78.0%
TV Technologies			37.8	n.a.	9.7	19.2%	0.7	4.6%	7.6%	8.6%	78.0%
Netgem	ALNTG-FR	32.6	28.8	93.2%	3.8	13.5%	0.8	5.6%	22.4%	10.0%	n.a.
Kaltura	KLTR-US	235.2	n.a.	22.8%	n.a.	78.4%	1.3	4.3%	n.a.	n.a.	43.9%
TV Platform			28.8	58.0%	3.8	46.0%	1.1	4.9%	22.4%	10.0%	43.9%
AGIL	AGIL-ES	87.6	n.a.	30.0%	22.6	32.8%	1.0	8.4%	4.4%	3.7%	26.9%

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	5.9%	7.0	15.8x
Central	5.4%	6.4	17.2x
Min	4.9%	5.8	19.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	1.3%	1.5%	1.7%
7.0	3.9	3.6	3.4
6.4	3.3	3.0	2.8
5.8	2.7	2.4	2.2

Scenario	Rec. FCF/Yield 24e		
Max	4.4%	4.1%	3.9%
Central	3.7%	3.5%	3.2%
Min	3.1%	2.8%	2.5%

What could go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly those for operating profit and free cash flow:

1. **Competition and business risk:** AGIL's industry is highly fragmented, which implies certain business risks, including the potential loss of clients (accentuated by possible mergers in the telecommunications sector, like that between MASMOVIL and Orange) and the advent of competitors with more attractive technology/platforms, potentially eroding business volumes.

2. **High volume of goodwill and intangible assets:** At year-end 2022, AGIL had EUR c.35.4Mn of goodwill and EUR 35.8Mn of intangible assets (69% of non-current assets). That goodwill and the capitalisation of R+D exposes AGIL to the risk of potential impairment losses, impacting its P/L.

3. **Increase in CAPEX requirements**: Since the technology solutions sold by AGIL have already been developed, we are not forecasting significant levels of CAPEX (other than capitalised R&D, c.7% of revenue) until 2025. However, continuous technological disruption and the emergence of new projects (potentially CAPEX-intensive) could force the company to step up its investments to adapt to market trends and meet client needs.

4. **High business concentration in Spain:** sales in Spain represented 69% of the total in 2022. An economic slowdown in Spain could have a considerable impact on the business. Outside of Spain, only the US (16% of revenue in 2022) accounts for more than 10% of consolidated revenue.

5. **Forex risk:** AGIL is exposed to forex risk both via international transactions and the consolidation of subsidiaries whose reporting currency is not the euro. Increased exposure to countries outside the eurozone would imply greater forex risk. In 2022, c.23% of group sales were arranged in currencies other than the euro. As a result, AGIL's earnings are significantly exposed to adverse movements in other currencies relative to the euro. Logically, this risk factor is mitigated by the exchange rate hedges arranged by AGIL.

6. **Leverage and interest rate trends**. The M&A activity undertaken in recent years has logically driven the company's borrowings higher, to EUR 20.3Mn at year-end 2022e (DN/rec. EBITDA: 5.7x). We therefore see leverage as a risk factor. Mitigated, however, by AGIL's ability to generate positive FCF on a recurring basis (estimated positive for all of 2022-2025e.

7. **Slower than expected reduction in overhead:** Our estimates point to a reduction in fixed overhead (assume a small variable component), taking the total (personnel expenses + other operating expenses) to 37.1% of revenue in 2023e (vs. 38.6% in 2022). If overhead were to remain at 38.6%, the rec. EBITDA margin 2023e would drop to 2.9% (vs. our estimate of 4.4%), eroding our rec. EBITDA estimate for 2023e by c.35%.

8. **M&A risk:** both the current economic backdrop and specific sector dynamics (trend towards concentration) will open up M&A opportunities in the short, medium and long term (as observed between 2020 and 2022). Part of the company's growth strategy is predicated on M&A-driven growth. Which in itself implies a risk. Interest in small players with growth potential may result in increased competition in acquisition processes with a risk of value destruction.

9. **Disruptive technology:** AGIL's business depends directly on products and services that are essentially technological, which means they must be permanently updated so as not to become obsolete. Technology changes driven by clients and regulators could affect demand in the medium and long term. And the ability of AGIL to respond to such changes is in itself, a risk.

Founders and 'long-term' investors control the board. This guarantees a 'stock-centric' management approach.

Agile Content (AGIL) was founded in Barcelona in 2007 by Hernan Scapusio and Mónica Rayo. They are both still shareholders (c.16% of share capital) and members of the company's board and management team, as President & Chairman and Chief Product & Technology Officer, respectively. AGIL has been listed on BME Growth since November 2015.

1. **A board with high exposure to the share price...** AGIL has a large board of directors, 10 members (two women) (Table 6). Of these, five have significant shareholdings in the company. The board must have a minimum of three and a maximum of 12 members. Directors control c.38% of AGIL's share capital. Of its 10 board members, seven are proprietary and three independent directors (without a significant shareholding; 30% of total board members). The maximum term for directorships is six years, with no limit to the number of terms a director can serve.

Table 6. Board of directors

Name	Position	Category
Hernan Scapusio Vinent	President	Proprietary
José Antonio López Muñoz	Vicepresident	Independent
Mónica Rayo Moragón	Board Member	Proprietary
Abel Gibert Espinagosa	Board Member	Independent
Agustín Checa Jiménez	Board Member	Independente
Pedro Martín Molina	Board Member	Proprietary
José Eulalio Poza Sanz	Board Member	Proprietary
Beltrán Mora Figueroa	Board Member	Proprietary
Alexander Puregger	Board Member	Proprietary
Carmen Fernández de Alarcón	Board Member	Proprietary
Silvia Martinez	Secretary non Board Menber	Proprietary
Total		

Table 7. Shareholders structure

	% Capital
Hernan Scapusio Vinent	9.9%
Mónica Rayo Moragón	6.3%
Grupo Inveready*	9.8%
Onchena S.L	6.9%
TV Azteca SAB de CV**	6.9%
Jose Poza	5.3%
Treasury Stock	0.5%
Free float	54.5%
Total	100%

Note: *Grupo Inveready is represented by Beltrán Mora, **TV Azteca is represented by Pedro Martín Molina.

Table 8. Main KPIs

KPIs	2021	2022
% of independent directors	33%	30%
% of proprietary directors	67%	70%
% of executive directors	0%	0%
% of women on the board of directors	11%	20%
% of women out of total workforce	22%	21%
Board + senior management remuneration/staff cost	4%	9%
Number of confirmed corruption cases	0	0

2. **Independent committees.** The Audit Committee and the Appointments and Remuneration Committee are chaired and comprised mainly of independent directors (66.7% of members).

3. **Director and senior management remuneration.** In 2022, total remuneration paid to directors was EUR c. 0.2Mn (+40% vs 2021; 0.9% of personnel costs). Remuneration of senior managers amounted to EUR 1.5Mn (+156% vs 2021; 7.7% of personnel expenses).

4. **Incentive plan.** AGIL has an incentive plan for directors and certain key management personnel (chosen by the board of directors). The plan is divided up into three parts: (i) Continuing employment, which entitles members to receive a number of shares provided they remain at the company until 31 December 2024, with delivery of up to 176,000 (0.8% of share capital); (ii) Performance, based on a series of KPIs, with the total number of shares dividend by three for the calculation of each of the three years, for a total of up to 490,000 shares (2.1% of share capital); 367,500 shares assuming 75% achievement; and (iii) Upside, where remuneration is determined based solely on an increase in the share price, calculated as the difference between the average share price in December 2024 and the share price in December 2021. The final amount to be awarded will increase or decrease by up to 20% at the CEO's discretion and based on employee performance. If the CEO is a plan beneficiary, this decision will be taken by the management team.

5. **Share buyback programme** On 5 October 2022, the board of directors approved a plan to buy back up to 125,000 own shares or a maximum investment of EUR 0.5Mn to cover the employee incentive plan. During the period from 6 October 2022 to 31 January 2023, a total of c.102,000 shares were bought back (0.4% of share capital) for a total cost of c.EUR 402,000. A new share buyback plan was announced on 3 April 2023, for up to 141,000 shares (0.6% of share capital) or a maximum investment of c. EUR 0.7Mn. This programme runs until 30 September 2023.

6. **Shareholder remuneration.** The company has made no commitment in respect of dividend payments. Its focus is primarily on shoring up the business' organic growth. Accordingly, we estimate a pay-out of 0% for at least the next three years.

7. **ESG policies.** The company has drawn up a 2022-2023 sustainable development plan. The three objectives (with no KPIs assigned) are: (i) Environment: to reduce energy consumption and steer it towards sustainable sources and minimise waste; (ii) Social: to partner universities and other institutions as a way of driving innovation and internal development and diversity, and (iii) Governance: to comply with good governance standards, increasing the number of independent directors and promoting diversity.

8. **Conflicts of interest.** The company has a high volume of related party balances and transactions. They primarily entail the financial support received from Inveready (a company shareholder).

Table 9. Balanced with related parties.

EUR Mn	2021	2022
Non Current Liabilities (Long term debt)	12.5	11.9

Note: c.90% of the balances with related parties correspond to the Inveready Group.

Table 10. Transactions with related parties.

EUR Mn	2021	2022
Financial expenses	1.6	1.7

Note: In 2021 85% of related party transactions are with the Inveready Group. In 2022 it is reduced to 72%.

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Intangible assets	9.9	10.5	19.4	37.2	35.8	34.9	32.8	29.7
Fixed assets	0.1	0.1	0.8	0.6	0.6	2.0	3.2	4.3
Other Non Current Assets	0.4	0.0	0.0	0.6	0.6	0.6	0.6	0.6
Financial Investments	1.7	1.4	6.3	1.0	3.5	3.5	3.5	3.5
Goodwill & Other Intangilbles	1.6	1.2	9.9	39.9	35.4	31.0	26.6	22.2
Current assets	2.6	7.6	15.4	27.5	27.4	27.5	29.4	31.5
Total assets	**16.3**	**20.8**	**51.9**	**106.8**	**103.4**	**99.4**	**96.1**	**91.7**
Equity	6.7	13.4	27.7	44.4	40.0	36.2	32.9	31.1
Minority Interests	-	-	-	2.1	6.4	7.2	7.8	8.2
Provisions & Other L/T Liabilities	0.5	0.1	0.1	0.3	0.2	0.2	0.2	0.2
Other Non Current Liabilities	-	-	-	-	-	-	-	-
Net financial debt	6.3	0.6	6.2	28.7	20.3	17.1	14.0	8.8
Current Liabilities	2.7	6.6	18.0	31.4	36.5	38.7	41.1	43.4
Equity & Total Liabilities	**16.3**	**20.8**	**51.9**	**106.8**	**103.4**	**99.4**	**96.1**	**91.7**

									CAGR	
P&L (EUR Mn)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023e**	**2024e**	**2025e**	**18-22**	**22-25e**
Total Revenues	**8.8**	**11.0**	**20.4**	**55.2**	**101.5**	**110.5**	**119.8**	**129.9**	*84.2%*	*8.6%*
Total Revenues growth	*12.1%*	*24.5%*	*86.0%*	*170.3%*	*83.9%*	*8.9%*	*8.4%*	*8.4%*		
COGS	(1.7)	(3.0)	(9.1)	(25.4)	(58.8)	(64.7)	(70.7)	(76.6)		
Gross Margin	**7.1**	**8.0**	**11.3**	**29.9**	**42.8**	**45.9**	**49.1**	**53.3**	*56.5%*	*7.6%*
Gross Margin/Revenues	*80.9%*	*72.5%*	*55.5%*	*54.1%*	*42.1%*	*41.5%*	*41.0%*	*41.0%*		
Personnel Expenses	(5.2)	(5.6)	(7.5)	(17.1)	(18.9)	(19.5)	(20.3)	(21.2)		
Other Operating Expenses	(3.3)	(2.4)	(4.3)	(11.6)	(20.3)	(21.5)	(22.4)	(23.4)		
Recurrent EBITDA	**(1.3)**	**0.0**	**(0.6)**	**1.2**	**3.5**	**4.9**	**6.4**	**8.6**	*47.5%*	*34.7%*
Recurrent EBITDA growth	*-67.4%*	*100.7%*	*n.a.*	*318.5%*	*192.3%*	*38.4%*	*31.3%*	*34.3%*		
Rec. EBITDA/Revenues	*n.a.*	*0.1%*	*n.a.*	*2.2%*	*3.5%*	*4.4%*	*5.4%*	*6.7%*		
Restructuring Expense & Other non-rec.	0.0	0.0	(1.2)	(2.4)	0.0	-	-	-		
EBITDA	**(1.3)**	**0.0**	**(1.8)**	**(1.2)**	**3.6**	**4.9**	**6.4**	**8.6**	*48.3%*	*34.6%*
Depreciation & Provisions	(1.8)	(2.4)	(3.2)	(8.7)	(13.9)	(13.5)	(15.4)	(17.5)		
Capitalized Expense	2.2	2.5	3.8	6.2	6.7	7.7	8.4	9.1		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	**(0.9)**	**0.1**	**(1.2)**	**(3.6)**	**(3.7)**	**(0.8)**	**(0.6)**	**0.2**	*-43.7%*	*27.3%*
EBIT growth	*-15.7%*	*115.5%*	*-993.9%*	*-202.2%*	*-1.7%*	*77.5%*	*30.3%*	*141.5%*		
EBIT/Revenues	*n.a.*	*1.2%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*0.2%*		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.6)	0.4	(1.4)	(2.1)	(1.2)	(2.2)	(2.0)	(1.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	**(1.5)**	**0.5**	**(2.6)**	**(5.7)**	**(4.9)**	**(3.0)**	**(2.6)**	**(1.5)**	*-35.2%*	*32.6%*
Ordinary Profit Growth	*n.a.*	*137.7%*	*-576.1%*	*-120.0%*	*15.3%*	*37.6%*	*15.1%*	*42.3%*		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	**(1.5)**	**0.5**	**(2.6)**	**(5.7)**	**(4.9)**	**(3.0)**	**(2.6)**	**(1.5)**	*-35.2%*	*32.6%*
Tax Expense	0.1	(0.4)	(0.2)	(0.0)	(0.2)	-	-	-		
Effective Tax Rate	*n.a.*	*77.5%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Minority Interests	-	-	-	-	(1.3)	(0.8)	(0.7)	(0.4)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	**(1.3)**	**0.1**	**(2.8)**	**(5.8)**	**(6.4)**	**(3.8)**	**(3.2)**	**(1.9)**	*-48.0%*	*33.5%*
Net Profit growth	*n.a.*	*109.3%*	*n.a.*	*-102.5%*	*-10.1%*	*39.9%*	*15.1%*	*42.3%*		
Ordinary Net Profit	**(1.5)**	**0.4**	**(1.4)**	**(3.3)**	**(6.2)**	**(3.8)**	**(3.2)**	**(1.9)**	*-42.4%*	*32.8%*
Ordinary Net Profit growth	*n.a.*	*124.7%*	*-480.3%*	*-136.8%*	*-84.8%*	*38.2%*	*15.1%*	*42.3%*		

									CAGR	
Cash Flow (EUR Mn)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023e**	**2024e**	**2025e**	**18-22**	**22-25e**
Recurrent EBITDA						**4.9**	**6.4**	**8.6**	*47.5%*	*34.7%*
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						2.2	0.4	0.2		
Recurrent Operating Cash Flow						**7.1**	**6.8**	**8.9**	*75.5%*	*0.5%*
CAPEX						(1.7)	(1.8)	(1.9)		
Net Financial Result affecting the Cash Flow						(2.2)	(2.0)	(1.7)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						**3.2**	**3.0**	**5.2**	*33.1%*	*8.2%*
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**3.2**	**3.0**	**5.2**	*36.4%*	*4.3%*
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						**(3.2)**	**(3.0)**	**(5.2)**		

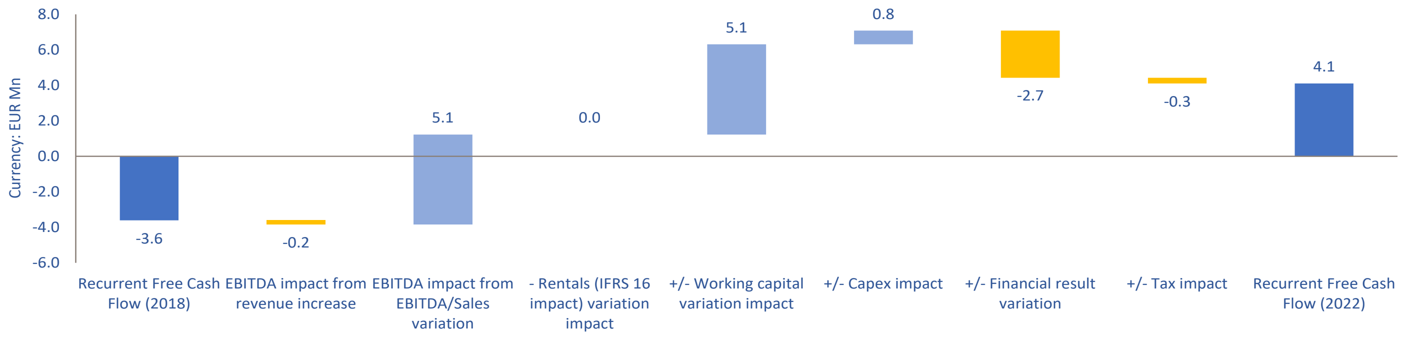
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 19-22	CAGR 22-25e
Recurrent EBITDA	**0.0**	**(0.6)**	**1.2**	**3.5**	**4.9**	**6.4**	**8.6**	*n.a.*	*34.7%*
Recurrent EBITDA growth	*100.7%*	*n.a.*	*318.5%*	*192.3%*	*38.4%*	*31.3%*	*34.3%*		
Rec. EBITDA/Revenues	*0.1%*	*n.a.*	*2.2%*	*3.5%*	*4.4%*	*5.4%*	*6.7%*		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.0)	3.5	1.3	5.2	2.2	0.4	0.2		
= Recurrent Operating Cash Flow	**(1.0)**	**2.9**	**2.6**	**8.8**	**7.1**	**6.8**	**8.9**	*n.a.*	*0.5%*
Rec. Operating Cash Flow growth	*14.0%*	*388.1%*	*-11.9%*	*242.9%*	*-19.0%*	*-3.7%*	*29.8%*		
Rec. Operating Cash Flow / Sales	*n.a.*	*14.2%*	*4.6%*	*8.6%*	*6.4%*	*5.7%*	*6.8%*		
- CAPEX	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
- Net Financial Result affecting Cash Flow	(0.6)	(1.2)	(1.8)	(3.0)	(2.2)	(2.0)	(1.7)		
- Taxes	(0.4)	(0.2)	(0.0)	(0.2)	-	-	-		
= Recurrent Free Cash Flow	**(4.6)**	**(3.7)**	**(8.0)**	**4.1**	**3.2**	**3.0**	**5.2**	*42.3%*	*8.2%*
Rec. Free Cash Flow growth	*-28.6%*	*20.7%*	*-116.5%*	*151.5%*	*-21.4%*	*-5.9%*	*71.1%*		
Rec. Free Cash Flow / Revenues	*n.a.*	*n.a.*	*n.a.*	*4.0%*	*2.9%*	*2.5%*	*4.0%*		
- Restructuring expenses & others	0.0	(1.2)	(1.0)	0.4	-	-	-		
- Acquisitions / + Divestments	0.3	(28.0)	(33.7)	0.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	**(4.3)**	**(32.9)**	**(42.7)**	**4.6**	**3.2**	**3.0**	**5.2**	*45.3%*	*4.3%*
Free Cash Flow growth	*-36.9%*	*-666.5%*	*-29.9%*	*110.7%*	*-29.6%*	*-5.9%*	*71.1%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*n.a.*	*n.a.*	*n.a.*	*4.7%*	*3.7%*	*3.5%*	*5.9%*		
Free Cash Flow Yield (s/Mkt Cap)	*n.a.*	*n.a.*	*n.a.*	*5.2%*	*3.7%*	*3.5%*	*5.9%*		

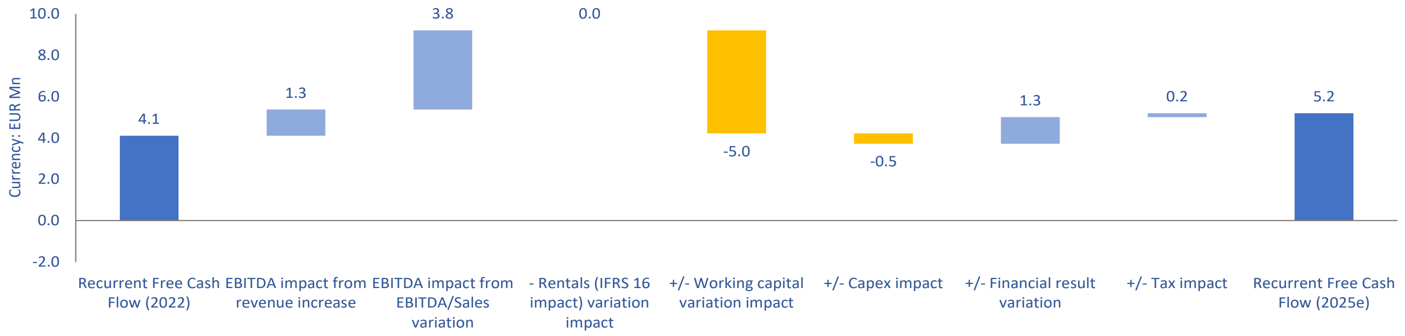
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2019	2020	2021	2022	2023e	2024e	2025e
Recurrent FCF(FY - 1)	**(3.6)**	**(4.6)**	**(3.7)**	**(8.0)**	**4.1**	**3.2**	**3.0**
EBITDA impact from revenue increase	(0.3)	0.0	(0.9)	1.0	0.3	0.4	0.5
EBITDA impact from EBITDA/Sales variation	1.6	(0.6)	2.7	1.3	1.0	1.1	1.7
= Recurrent EBITDA variation	**1.3**	**(0.6)**	**1.8**	**2.3**	**1.4**	**1.5**	**2.2**
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-
+/- Working capital variation impact	(1.1)	4.5	(2.1)	3.9	(3.0)	(1.8)	(0.2)
= Recurrent Operating Cash Flow variation	**0.2**	**3.9**	**(0.3)**	**6.2**	**(1.7)**	**(0.3)**	**2.0**
+/- CAPEX impact	(0.4)	(2.5)	(3.6)	7.3	(0.2)	(0.1)	(0.2)
+/- Financial result variation	(0.2)	(0.6)	(0.6)	(1.2)	0.8	0.2	0.3
+/- Tax impact	(0.6)	0.2	0.2	(0.2)	0.2	-	-
= Recurrent Free Cash Flow variation	**(1.0)**	**1.0**	**(4.3)**	**12.1**	**(0.9)**	**(0.2)**	**2.2**
Recurrent Free Cash Flow	**(4.6)**	**(3.7)**	**(8.0)**	**4.1**	**3.2**	**3.0**	**5.2**

C) "FCF to the Firm" (pre debt service) (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 19-22	CAGR 22-25e
EBIT	**0.1**	**(1.2)**	**(3.6)**	**(3.7)**	**(0.8)**	**(0.6)**	**0.2**	*n.a.*	*27.3%*
** Theoretical Tax rate*	*30.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		
= Taxes (pre- Net Financial Result)	(0.0)	-	-	-	-	-	-		
Recurrent EBITDA	**0.0**	**(0.6)**	**1.2**	**3.5**	**4.9**	**6.4**	**8.6**	*n.a.*	*34.7%*
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.0)	3.5	1.3	5.2	2.2	0.4	0.2		
= Recurrent Operating Cash Flow	**(1.0)**	**2.9**	**2.6**	**8.8**	**7.1**	**6.8**	**8.9**	*n.a.*	*0.5%*
- CAPEX	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
- Taxes (pre- Financial Result)	(0.0)	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	**(3.7)**	**(2.2)**	**(6.2)**	**7.3**	**5.4**	**5.0**	**6.9**	*58.4%*	*-1.8%*
Rec. Free Cash Flow (To the Firm) growth	*-9.2%*	*39.3%*	*-174.3%*	*218.5%*	*-25.6%*	*-7.3%*	*37.5%*		
Rec. Free Cash Flow (To the Firm) / Revenues	n.a.	n.a.	n.a.	7.2%	4.9%	4.2%	5.3%		
- Acquisitions / + Divestments	0.3	(28.0)	(33.7)	0.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	**(3.4)**	**(30.2)**	**(39.9)**	**7.3**	**5.4**	**5.0**	**6.9**	*61.1%*	*-1.9%*
Free Cash Flow (To the Firm) growth	*-15.5%*	*-798.1%*	*-32.0%*	*118.4%*	*-25.9%*	*-7.3%*	*37.5%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*n.a.*	*n.a.*	*n.a.*	*6.6%*	*4.9%*	*4.5%*	*6.2%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*n.a.*	*n.a.*	*n.a.*	*6.6%*	*4.9%*	*4.5%*	*6.2%*		

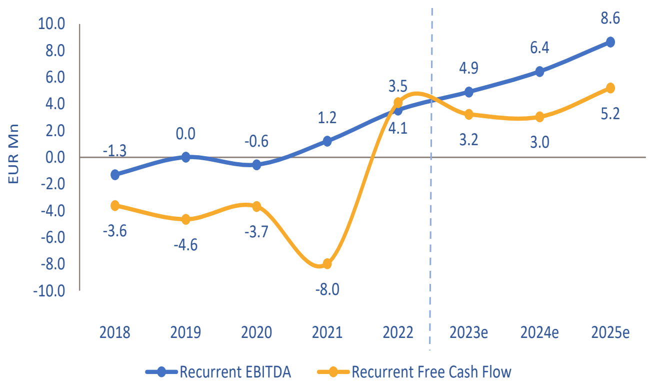
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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	87.6	
+ Minority Interests	6.4	12m Results 2022
+ Provisions & Other L/T Liabilities	0.2	12m Results 2022
+ Net financial debt	20.3	12m Results 2022
- Financial Investments	3.5	12m Results 2022
+/- Others		
Enterprise Value (EV)	**111.0**	

Appendix 4. Historical performance[1]

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	CAGR 22-25e
Total Revenues				8.3	10.8	7.9	8.8	11.0	20.4	55.2	101.5	110.5	119.8	129.9	n.a.	8.6%
Total Revenues growth				n.a.	30.2%	-27.4%	12.1%	24.5%	86.0%	170.3%	83.9%	8.9%	8.4%	8.4%		
EBITDA				(0.8)	(1.2)	(0.7)	(1.3)	0.0	(1.8)	(1.2)	3.6	4.9	6.4	8.6	n.a.	34.6%
EBITDA growth				n.a.	-56.5%	39.9%	-69.5%	102.1%	n.a.	32.2%	398.6%	38.1%	31.3%	34.3%		
EBITDA/Sales				n.a.	n.a.	n.a.	n.a.	0.2%	n.a.	n.a.	3.5%	4.4%	5.4%	6.7%		
Net Profit				(1.3)	(5.2)	0.0	(1.3)	0.1	(2.8)	(5.8)	(6.4)	(3.8)	(3.2)	(1.9)	n.a.	33.5%
Net Profit growth				n.a.	-287.0%	101.0%	n.a.	109.3%	n.a.	-102.5%	-10.1%	39.9%	15.1%	42.3%		
Adjusted number shares (Mn)				7.3	9.7	12.2	13.5	18.0	20.9	23.1	23.1	23.1	23.1	23.1		
EPS (EUR)				-0.18	-0.53	0.00	-0.10	0.01	-0.14	-0.25	-0.27	-0.17	-0.14	-0.08	n.a.	33.5%
EPS growth				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-83.5%	-9.9%	39.9%	15.1%	42.3%		
Ord. EPS (EUR)				-0.21	-0.53	0.00	-0.11	0.02	-0.07	-0.14	-0.27	-0.17	-0.14	-0.08	n.a.	32.8%
Ord. EPS growth				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-84.4%	38.2%	15.1%	42.3%		
CAPEX				(1.3)	(2.1)	(1.9)	(2.2)	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
CAPEX/Sales %				15.1%	19.7%	24.3%	25.2%	24.2%	25.2%	15.8%	1.4%	1.5%	1.5%	1.5%		
Free Cash Flow				(2.0)	(3.9)	(2.7)	(3.1)	(4.3)	(32.9)	(42.7)	4.6	3.2	3.0	5.2	n.a.	4.3%
ND/EBITDA (x)[2]				n.a.	n.a.	n.a.	n.a.	21.9x	n.a.	n.a.	5.7x	3.5x	2.2x	1.0x		
P/E (x)				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)				n.a.	2.11x	3.11x	2.48x	1.51x	3.29x	3.28x	1.70x	1.00x	0.93x	0.85x		
EV/EBITDA (x)[2]				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.7x	22.6x	17.2x	12.8x		
Absolute performance				n.a.	-5.3%	-14.7%	3.4%	189.3%	95.8%	-11.8%	-38.6%	-13.1%				
Relative performance vs Ibex 35				n.a.	-3.4%	-20.6%	21.7%	158.7%	131.6%	-18.3%	-35.0%	-22.7%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.
Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2023e

		TV Technologies			TV Platform			
	EUR Mn	**Brightcove**	**Kudelski**	**Average**	**Netgem**	**Kaltura**	**Average**	**AGIL**
Market data	Ticker (Factset)	BCOV-US	KUD-CH		ALNTG-FR	KLTR-US		AGIL-ES
	Country	Jnited State:	Switzerland		France	Jnited States		Spain
	Market cap	159.3	105.3		32.6	235.2		87.6
	Enterprise value (EV)	170.0	407.6		28.3	214.8		111.0
Basic financial information	Total Revenues	190.9	685.7		33.3	159.3		110.5
	Total Revenues growth	-2.4%	-1.0%	-1.7%	-8.3%	1.8%	-3.2%	8.9%
	2y CAGR (2023e - 2025e)	n.a.	4.6%	4.6%	5.6%	4.3%	4.9%	8.4%
	EBITDA	16.1	46.6		7.5	(6.0)		4.9
	EBITDA growth	405.0%	104.7%	254.9%	-13.9%	87.2%	36.7%	38.1%
	2y CAGR (2023e - 2025e)	n.a.	19.2%	19.2%	13.5%	78.4%	46.0%	32.8%
	EBITDA/Revenues	8.4%	6.8%	7.6%	22.4%	n.a.	22.4%	4.4%
	EBIT	3.6	16.3		1.1	(8.5)		(0.8)
	EBIT growth	153.8%	288.7%	221.3%	363.8%	82.9%	223.3%	77.5%
	2y CAGR (2023e - 2025e)	n.a.	43.4%	43.4%	n.a.	62.8%	62.8%	51.3%
	EBIT/Revenues	1.9%	2.4%	2.1%	3.2%	n.a.	3.2%	n.a.
	Net Profit	(13.6)	3.6		1.1	(40.9)		(3.8)
	Net Profit growth	-62.5%	117.6%	27.6%	885.2%	35.6%	460.4%	39.9%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	96.0%	16.7%	56.3%	30.0%
	CAPEX/Sales %	n.a.	2.7%	2.7%	11.4%	2.3%	6.8%	1.5%
	Free Cash Flow	n.a.	9.0		3.3	(13.1)		3.2
	Net financial debt	n.a.	250.3		(5.5)	(22.8)		17.1
	ND/EBITDA (x)	n.a.	5.4	5.4	n.a.	n.a.	n.a.	3.5
	Pay-out	n.a.	0.0%	0.0%	109.4%	0.0%	54.7%	0.0%
Multiples and Ratios	P/E (x)	n.a.	37.8	37.8	28.8	n.a.	28.8	n.a.
	P/BV (x)	n.a.	0.3	0.3	1.4	8.7	5.0	2.4
	EV/Revenues (x)	0.9	0.6	0.7	0.8	1.3	1.1	1.0
	EV/EBITDA (x)	10.6	8.8	9.7	3.8	n.a.	3.8	22.6
	EV/EBIT (x)	46.8	25.0	35.9	26.9	n.a.	26.9	n.a.
	ROE	n.a.	0.9	0.9	4.8	n.a.	4.8	n.a.
	FCF Yield (%)	n.a.	8.6	8.6	10.0	n.a.	10.0	3.7
	DPS	n.a.	0.00	0.00	0.04	0.00	0.02	0.00
	Dvd Yield	n.a.	0.0%	0.0%	3.8%	0.0%	1.9%	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).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
22-May-2023	n.a.	3.79	n.a.	n.a.	Initiation of Coverage	Enrique Andres Abad

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