

6m Results 2022

Opinion ⁽¹⁾: Below expectations

Impact ⁽¹⁾: We lower our estimates

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Endurance Motive (END), is a small Spanish company based in Valencia, created in 2018 and specialised in the development and sale of electricity storage systems using lithium-ion batteries for sustainable mobility. The sectors in which the company operates are: i) industrial, ii) marine and iii) urban mobility. The company's founders control c. 62% of total shares.

1H22 results. Below expectations. The good news is the figure for orders

Market Data

Market Cap (Mn EUR and USD)	16.1	16.1
EV (Mn EUR and USD) ⁽²⁾	19.5	19.6
Shares Outstanding (Mn)	8.8	
-12m (Max/Med/Mín EUR)	5.40 / 3.41 / 1.81	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽³⁾	74.0	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Carlos Navarro	32.6
Andrés Muelas	29.0
Free Float	38.4

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	5.7	8.8	9.2	9.2
Total Revenues	4.7	5.8	8.6	11.5
Rec. EBITDA	-1.5	-2.1	-1.4	-0.6
% growth	-46.6	-35.6	31.5	57.6
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	n.a.
% Inc. EBITDA sector ⁽⁴⁾	19.3	4.3	26.1	23.3
Net Profit	-1.4	-1.8	-1.4	-0.8
EPS (EUR)	-0.25	-0.21	-0.15	-0.09
% growth	83.8	17.3	28.1	42.9
Ord. EPS (EUR)	-0.20	-0.21	-0.15	-0.09
% growth	88.7	-5.1	28.1	42.9
Rec. Free Cash Flow ⁽⁵⁾	-2.6	-3.0	-2.4	-1.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	2.6	3.5	5.9	7.8
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	116.1
ROCE (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

Ratios & Multiples (x)⁽⁶⁾

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	n.a.	14.8	n.a.	n.a.
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	4.16	3.36	2.28	1.69
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

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

(2) Please refer to Appendix 3.

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

(4) Sector: Europe Electrical Products.

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

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

REVENUE GROWING LESS THAN EXPECTED FOR 2022. END closed 1H22 with revenue of EUR 2.6Mn (+26.9% vs 1H21). This is lower growth than expected, due mainly to the supply chain crisis that has delayed the manufacture of vehicles that use Lithium-ion batteries and battery delivery time. By geography, orders have started in France that accounted for 12% of 1H22 revenue (vs 0% in 1H21).

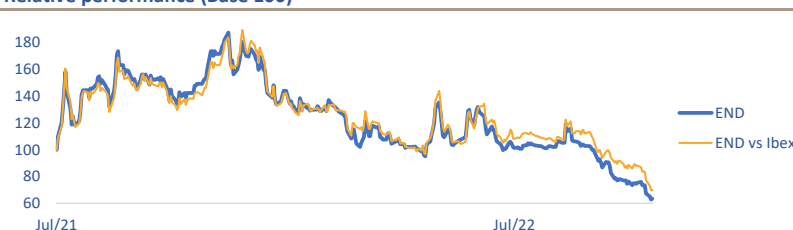
AND HIGHER RAW MATERIAL PRICES ARE SQUEEZING MARGINS (1H22 REC. EBITDA EUR -1.1MN VS EUR -0.4MN IN 1H21). The increase in the price of raw materials such as steel (+30%) and Lithium cells, squeezed the 1H22 gross margin to 22% (vs 33% in 1H21). In addition, the increase in personnel costs to EUR 1Mn (+28.8% vs 1H21) and in other operating costs (+42.5% vs 1H21) have kept EBITDA negative (EUR -1.1Mn).

DEBT REMAINS HIGH. 1H22 net debt closed at EUR 3.5Mn (EUR 1.5Mn corresponds to a loan convertible in 2022 by the shareholders; already converted in October, that leaves de facto ND at EUR 2Mn). At the date of this report, END has concluded the financing arrangement with N&G. Capital requirements remain the principal (only?) restriction on END's growth, and after N&G the company will have to resolve the questions surrounding the financing of a business that is still in negative FCF (2023e FCF EUR -2.4 Mn).

WE DOWNGRADE OUR ESTIMATES. In the light of weaker than expected 1H22 results, we downgrade our estimates. Now, our central scenario points to 2022e revenue of EUR 5.8Mn (vs an initial estimate of EUR 8.5Mn) and EBITDA of EUR -2.1Mn (vs an initial estimate of EUR -1.4Mn), taking EBITDA break-even to 2025e.

THE GOOD NEWS (AND SIGNIFICANT FROM A MID AND LONG TERM PERSPECTIVE) IS THE FIGURE FOR ORDERS (AT HIGHS). This is a critical figure that validates END's strategy and business model (despite the weak 1H22). The good news is: i) the significant increase in client orders: EUR 8.3Mn at 15 October (+89.1%; that makes the rebound in END's activity in 2023 credible), ii) the beginning of diversification (by both sector and geography) and iii) the ability to lever on its structure in the event of a real increase in demand to improve margins (orders at June +101.6% vs an increase in operating costs of +40.6%). This should enable END to achieve 2023e revenue of EUR 8.6Mn (+47.5% vs 2022e) and 2023e EBITDA of EUR -1.4Mn, at 2021 levels.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-44.2	-44.2	-44.2	-44.2	-60.0	n.a.
vs Ibex 35	-41.0	-41.0	-41.0	-41.0	-52.1	n.a.
vs Ibex Small Cap Index	-35.5	-35.5	-35.5	-35.5	-61.2	n.a.
vs Eurostoxx 50	-45.2	-45.2	-45.2	-45.2	-59.8	n.a.
vs Sector benchmark ⁽⁴⁾	-2.3	-2.3	-2.3	-2.3	-35.9	n.a.

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

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

Endurance Motive (END) 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. 130 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

6m Results 2022

Estimates downgrade

Table 1. 1H22 Results

EUR Mn	1H22 Real	1H21	1H22 Real vs 1H21	2022e	2022e vs 2021
Total Revenues	2.6	2.0	26.9%	5.8	23.9%
Traction	2.6	2.0	25.1%	n.a.	n.a.
Urban	0.0	0.0	n.a.	n.a.	n.a.
Marine	0.0	0.0	n.a.	n.a.	n.a.
Recurrent EBITDA	-1.1	-0.6	-86.6%	-2.1	-35.6%
<i>Rec. EBITDA/Revenues</i>	<i>-44.0%</i>	<i>-29.9%</i>	<i>-14.1 p.p.</i>	<i>-35.7%</i>	<i>-3.1 p.p.</i>
EBITDA	-1.3	-0.7	-85.5%	-2.1	-13.2%
<i>EBITDA/Revenues</i>	<i>-49.5%</i>	<i>-33.8%</i>	<i>-15.6 p.p.</i>	<i>-35.7%</i>	<i>3.4 p.p.</i>
EBIT	-1.1	-0.4	n.a.	-1.6	-18.9%
PBT	-1.1	-0.4	n.a.	-1.8	-28.6%
NP	-1.1	-0.4	n.a.	-1.8	-28.6%
Ordinary NP	-1.0	-0.4	n.a.	-1.8	-63.5%
Client orders as of June ⁽¹⁾	5.3	2.7	101.6%	n.a.	n.a.
Net Debt ⁽²⁾	3.5	1.7	101.7%	3.5	34.3%

Note⁽¹⁾: Client orders include the amount invoiced at the time of publication. At 15 October 2022 client orders amounted to EUR 8.3Mn (vs EUR 4.4Mn at 15 October 2021).

Note⁽²⁾: 1H22 net debt is comprised of EUR 1.5Mn in convertibles, that leaves de facto ND at EUR 2Mn. In 1H21 debt was EUR 1.7Mn and there were no convertible loans.

Table 2. Changes to estimates (2022e-2024e)

EUR Mn	2022e (New)	2022e	Review (%)	2023e (New)	2023e	Review (%)	2024e (New)	2024e	Review (%)
Total Revenues	5.8	8.5	-31.6%	8.6	14.2	-39.8%	11.5	18.7	-38.5%
Recurrent EBITDA	-2.1	-1.4	-48.0%	-1.4	-0.7	-106.1%	-0.6	0.1	n.a.
<i>Rec. EBITDA/Revenues</i>	<i>-35.7%</i>	<i>-16.5%</i>	<i>-19.2 p.p.</i>	<i>-16.6%</i>	<i>-4.8%</i>	<i>-11.7 p.p.</i>	<i>-5.2%</i>	<i>0.7%</i>	<i>-5.9 p.p.</i>
EBIT	-1.6	-0.9	-86.5%	-1.1	-0.3	n.a.	-0.3	0.4	n.a.
Net Profit	-1.8	-1.1	-69.0%	-1.4	-0.6	n.a.	-0.8	0.0	n.a.
Net Debt	3.5	2.50	38.9%	5.9	3.8	55.6%	7.8	5.8	35.1%

Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(2.8)	(2.1)	(1.5)	n.a.			
Market Cap	16.1	At the date of this report					
Net financial debt	3.5	Debt net of Cash (6m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	8.0%	Net debt cost			7.8%	8.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	6.4%	Kd = Cost of Net Debt * (1-T)			6.2%	6.6%	
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	10.4%	Ke = Rf + (R * B)			9.3%	11.7%	
Equity / (Equity + Net Debt)	82.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	18.0%	D			=	=	
WACC	9.7%	WACC = Kd * D + Ke * E			8.7%	10.8%	
G "Fair"	2.5%				2.5%	2.0%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Varta AG	VAR1-DE	1,192.8	97.3	n.a.	13.9	33.7%	2.0	11.8%	14.6%	n.a.	59.7%
Enersys	ENS-US	2,601.7	13.5	24.7%	10.0	14.9%	1.0	5.7%	10.2%	0.1%	n.a.
Fluence	FLNC-US	2,498.3	n.a.	44.6%	n.a.	49.0%	1.0	47.6%	n.a.	n.a.	48.6%
Ilika	IKA-GB	93.0	n.a.	41.6%	n.a.	55.9%	n.a.	n.a.	n.a.	n.a.	61.5%
Flux Power Holdings, Inc.	FLUX-US	55.2	n.a.	40.3%	n.a.	46.6%	1.5	46.3%	n.a.	n.a.	n.a.
Baterías de Litio			55.4	37.0%	11.9	38.4%	1.3	21.7%	12.4%	0.1%	56.6%
END	END-ES	16.1	n.a.	34.5%	n.a.	46.1%	3.4	40.8%	n.a.	n.a.	20.0%

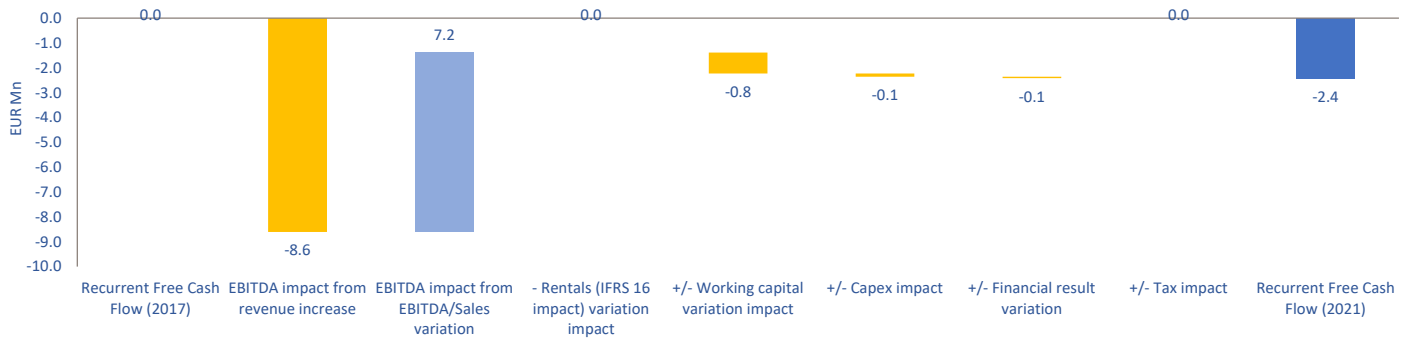
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets		0.1	0.2	0.6	1.2	1.9	2.5	3.2		
Fixed assets		0.0	0.0	0.1	0.1	0.1	0.2	0.3		
Other Non Current Assets		0.0	0.2	0.4	0.4	0.4	0.4	0.4		
Financial Investments		0.0	0.1	0.1	0.1	0.1	0.1	0.1		
Goodwill & Other Intangibles		-	-	-	-	-	-	-		
Current assets		0.2	0.4	1.5	3.1	3.9	5.0	6.0		
Total assets		0.3	0.9	2.7	5.0	6.4	8.2	9.9		
Equity		0.5	0.9	0.9	0.8	1.1	(0.3)	(1.1)		
Minority Interests		-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities		-	-	-	-	-	-	-		
Other Non Current Liabilities		-	-	-	-	-	-	-		
Net financial debt		(0.2)	(0.0)	1.1	2.6	3.5	5.9	7.8		
Current Liabilities		0.0	0.1	0.8	1.6	1.8	2.5	3.2		
Equity & Total Liabilities		0.3	0.9	2.7	5.0	6.4	8.2	9.9		
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Total Revenues		0.0	0.3	2.3	4.7	5.8	8.6	11.5	<i>n.a.</i>	34.9%
<i>Total Revenues growth</i>		<i>n.a.</i>	<i>n.a.</i>	<i>613.8%</i>	<i>107.3%</i>	<i>23.9%</i>	<i>47.5%</i>	<i>34.4%</i>		
COGS		(0.0)	(0.3)	(1.8)	(3.5)	(4.4)	(6.3)	(8.0)		
Gross Margin		(0.0)	0.0	0.5	1.2	1.4	2.3	3.5	<i>n.a.</i>	43.3%
<i>Gross Margin/Revenues</i>		<i>n.a.</i>	<i>7.6%</i>	<i>22.1%</i>	<i>25.5%</i>	<i>24.2%</i>	<i>26.9%</i>	<i>30.5%</i>		
Personnel Expenses		(0.0)	(0.2)	(0.8)	(1.7)	(2.2)	(2.3)	(2.4)		
Other Operating Expenses		(0.1)	(0.4)	(0.7)	(1.1)	(1.3)	(1.4)	(1.7)		
Recurrent EBITDA		(0.1)	(0.6)	(1.0)	(1.5)	(2.1)	(1.4)	(0.6)	-65.1%	26.7%
<i>Recurrent EBITDA growth</i>		<i>n.a.</i>	<i>-288.5%</i>	<i>-85.9%</i>	<i>-46.6%</i>	<i>-35.6%</i>	<i>31.5%</i>	<i>57.6%</i>		
<i>Rec. EBITDA/Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Restructuring Expense & Other non-rec.		(0.0)	0.0	(0.1)	(0.3)	-	-	-		
EBITDA		(0.1)	(0.6)	(1.2)	(1.8)	(2.1)	(1.4)	(0.6)	-81.5%	31.0%
Depreciation & Provisions		(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)		
Capitalized Expense		0.1	0.1	0.5	0.6	0.7	0.7	0.7		
Rentals (IFRS 16 impact)		-	-	-	-	-	-	-		
EBIT		(0.1)	(0.5)	(0.7)	(1.4)	(1.6)	(1.1)	(0.3)	-67.9%	37.9%
<i>EBIT growth</i>		<i>n.a.</i>	<i>-554.2%</i>	<i>-51.3%</i>	<i>-86.3%</i>	<i>-18.9%</i>	<i>35.0%</i>	<i>69.0%</i>		
<i>EBIT/Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Impact of Goodwill & Others		-	-	-	-	-	-	-		
Net Financial Result		(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.5)		
Income by the Equity Method		-	-	-	-	-	-	-		
Ordinary Profit		(0.1)	(0.5)	(0.8)	(1.4)	(1.8)	(1.4)	(0.8)	-69.6%	18.1%
<i>Ordinary Profit Growth</i>		<i>n.a.</i>	<i>-518.5%</i>	<i>-54.8%</i>	<i>-85.9%</i>	<i>-28.6%</i>	<i>25.1%</i>	<i>42.9%</i>		
Extraordinary Results		-	-	-	-	-	-	-		
Profit Before Tax		(0.1)	(0.5)	(0.8)	(1.4)	(1.8)	(1.4)	(0.8)	-69.6%	18.1%
Tax Expense		0.0	0.1	0.2	-	-	-	-		
<i>Effective Tax Rate</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests		-	-	-	-	-	-	-		
Discontinued Activities		-	-	-	-	-	-	-		
Net Profit		(0.1)	(0.4)	(0.6)	(1.4)	(1.8)	(1.4)	(0.8)	-95.6%	18.1%
<i>Net Profit growth</i>		<i>n.a.</i>	<i>-512.5%</i>	<i>-54.8%</i>	<i>-147.1%</i>	<i>-28.6%</i>	<i>25.1%</i>	<i>42.9%</i>		
Ordinary Net Profit		(0.1)	(0.5)	(0.6)	(1.1)	(1.8)	(1.4)	(0.8)	-49.8%	11.2%
<i>Ordinary Net Profit growth</i>		<i>n.a.</i>	<i>-545.4%</i>	<i>-30.4%</i>	<i>-71.9%</i>	<i>-63.5%</i>	<i>25.1%</i>	<i>42.9%</i>		
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Recurrent EBITDA						(2.1)	(1.4)	(0.6)	-65.1%	26.7%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.5)	(0.4)	(0.4)		
Recurrent Operating Cash Flow						-2.6	-1.8	-1.0	-76.1%	24.7%
CAPEX						(0.2)	(0.3)	(0.5)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.3)	(0.5)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(3.0)	(2.4)	(1.9)	-77.5%	9.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(3.0)	(2.4)	(1.9)	-88.3%	12.3%
Capital Increase						2.1	-	-		
Dividends						-	-	-		
Net Debt Variation						0.9	2.4	1.9		

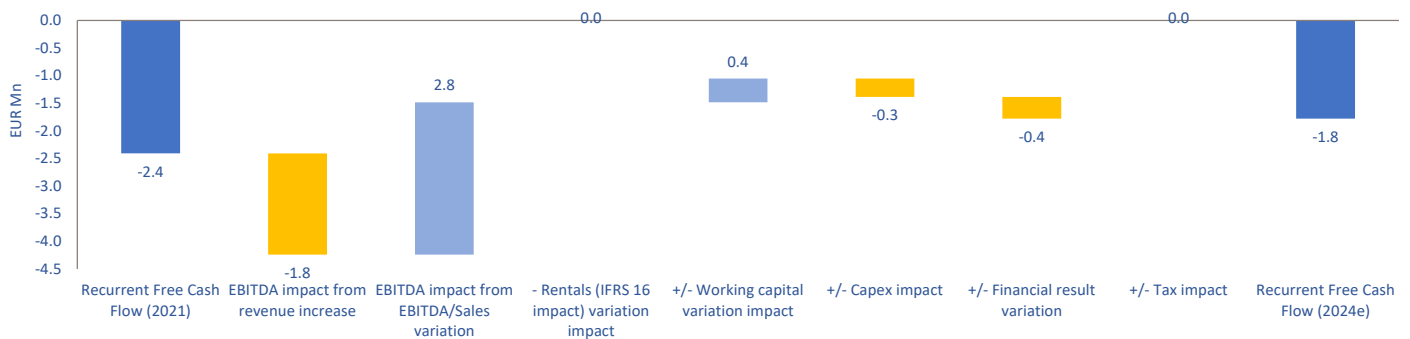
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA		(0.6)	(1.0)	(1.5)	(2.1)	(1.4)	(0.6)	<i>n.a.</i>	26.7%
<i>Recurrent EBITDA growth</i>		-288.5%	-85.9%	-46.6%	-35.6%	31.5%	57.6%		
<i>Rec. EBITDA/Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Rentals (IFRS 16 impact)		-	-	-	-	-	-		
+/- Working Capital increase		(0.2)	(0.4)	(0.8)	(0.5)	(0.4)	(0.4)		
= Recurrent Operating Cash Flow		(0.8)	(1.4)	(2.4)	(2.6)	(1.8)	(1.0)	-99.3%	24.7%
<i>Rec. Operating Cash Flow growth</i>		-155.0%	-83.0%	-69.5%	-8.7%	30.6%	43.2%		
<i>Rec. Operating Cash Flow / Sales</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- CAPEX		(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	(0.5)		
- Net Financial Result affecting Cash Flow		(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.5)		
- Taxes		-	-	-	-	-	-		
= Recurrent Free Cash Flow		(0.8)	(1.5)	(2.6)	(3.0)	(2.4)	(1.9)	<i>n.a.</i>	9.0%
<i>Rec. Free Cash Flow growth</i>		-154.5%	-83.9%	-71.3%	-17.9%	18.9%	21.0%		
<i>Rec. Free Cash Flow / Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others		0.0	(0.1)	(0.3)	-	-	-		
- Acquisitions / + Divestments		-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	-	-	-	-	-		
= Free Cash Flow		(0.8)	(1.6)	(2.9)	(3.0)	(2.4)	(1.9)	<i>n.a.</i>	12.3%
<i>Free Cash Flow growth</i>		-151.0%	-99.1%	-78.0%	-5.4%	18.9%	21.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e		
Recurrent FCF(FY - 1)		(0.3)	(0.8)	(1.5)	(2.6)	(3.0)	(2.4)		
EBITDA impact from revenue increase		(4.0)	(3.4)	(1.1)	(0.4)	(1.0)	(0.5)		
EBITDA impact from EBITDA/Sales variation		3.6	3.0	0.6	(0.2)	1.6	1.3		
= Recurrent EBITDA variation		(0.4)	(0.5)	(0.5)	(0.5)	0.7	0.8		
- Rentals (IFRS 16 impact) variation impact		-	-	-	-	-	-		
+/- Working capital variation impact		(0.0)	(0.2)	(0.5)	0.3	0.1	(0.0)		
= Recurrent Operating Cash Flow variation		(0.5)	(0.6)	(1.0)	(0.2)	0.8	0.8		
+/- CAPEX impact		(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Financial result variation		(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)		
+/- Tax impact		-	-	-	-	-	-		
= Recurrent Free Cash Flow variation		(0.5)	(0.7)	(1.1)	(0.5)	0.6	0.5		
Recurrent Free Cash Flow		(0.8)	(1.5)	(2.6)	(3.0)	(2.4)	(1.9)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
EBIT		(0.5)	(0.7)	(1.4)	(1.6)	(1.1)	(0.3)	<i>n.a.</i>	37.9%
* <i>Theoretical Tax rate</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
= Taxes (pre- Net Financial Result)		-	-	-	-	-	-		
Recurrent EBITDA		(0.6)	(1.0)	(1.5)	(2.1)	(1.4)	(0.6)	<i>n.a.</i>	26.7%
- Rentals (IFRS 16 impact)		-	-	-	-	-	-		
+/- Working Capital increase		(0.2)	(0.4)	(0.8)	(0.5)	(0.4)	(0.4)		
= Recurrent Operating Cash Flow		(0.8)	(1.4)	(2.4)	(2.6)	(1.8)	(1.0)	-99.3%	24.7%
- CAPEX		(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	(0.5)		
- Taxes (pre- Financial Result)		-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)		(0.8)	(1.5)	(2.5)	(2.8)	(2.1)	(1.5)	-99.9%	16.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>		-156.2%	-82.2%	-71.2%	-12.3%	24.2%	30.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Acquisitions / + Divestments		-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	-	-	-	-	-		
= Free Cash Flow "To the Firm"		(0.8)	(1.5)	(2.5)	(2.8)	(2.1)	(1.5)	-99.9%	16.1%
<i>Free Cash Flow (To the Firm) growth</i>		-156.2%	-82.2%	-71.2%	-12.3%	24.2%	30.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		

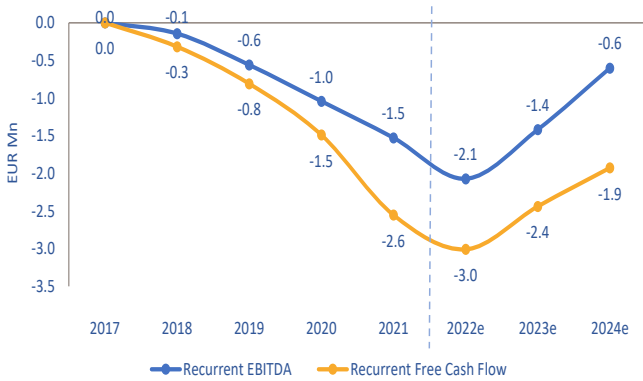
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	16.1	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	-	6m Results 2022
+ Net financial debt	3.5	6m Results 2022
- Financial Investments	0.1	6m Results 2022
+/- Others		
Enterprise Value (EV)	19.5	

Appendix 4. Main peers 2022e

		Lithium Batteries						
EUR Mn		Varta AG	Enersys	Fluence	Ilika	Flux Power Holdings, Inc.	Average	END
Market data	Ticker (Factset)	VAR1-DE	ENS-US	FLNC-US	IKA-GB	FLUX-US		END-ES
	Country	Alemania	USA	UK	UK	USA		Spain
	Market cap	1,192.8	2,601.7	2,498.3	93.0	55.2		16.1
	Enterprise value (EV)	1,668.9	3,710.2	1,111.6	66.9	62.5		19.5
Basic financial information	Total Revenues	826.4	3,629.7	1,104.5	1.0	42.1		5.8
	Total Revenues growth	-8.5%	8.6%	63.0%	2652.8%	61.2%	679.0%	23.9%
	2y CAGR (2022e - 2024e)	11.8%	5.7%	47.6%	n.a.	46.3%	21.7%	40.8%
	EBITDA	120.5	371.6	(197.0)	(9.5)	(14.3)		(2.1)
	EBITDA growth	-44.9%	17.5%	n.a.	n.a.	-12.0%	-13.7%	-13.2%
	2y CAGR (2022e - 2024e)	33.7%	14.9%	49.0%	55.9%	46.6%	38.4%	46.1%
	EBITDA/Revenues	14.6%	10.2%	n.a.	n.a.	n.a.	12.4%	n.a.
	EBIT	19.5	262.2	(255.6)	(10.4)	(15.3)		(1.6)
	EBIT growth	-84.1%	18.7%	n.a.	n.a.	-13.9%	-32.7%	-18.9%
	2y CAGR (2022e - 2024e)	n.a.	n.a.	46.5%	46.2%	44.0%	46.4%	55.1%
	EBIT/Revenues	2.4%	7.2%	n.a.	n.a.	n.a.	4.8%	n.a.
	Net Profit	8.4	170.8	(222.9)	(9.1)	(15.5)		(1.8)
	Net Profit growth	-93.3%	19.3%	n.a.	n.a.	-22.0%	-37.0%	-28.6%
	2y CAGR (2022e - 2024e)	n.a.	n.a.	45.4%	48.8%	43.0%	47.1%	34.6%
CAPEX/Sales %	23.9%	2.7%	0.6%	n.a.	1.9%	9.0%	4.0%	
Free Cash Flow	(86.3)	2.9	(197.7)	(10.9)	(24.1)		(3.0)	
Net financial debt	392.5	n.a.	(582.3)	(9.8)	7.2		3.5	
ND/EBITDA (x)	3.3	n.a.	n.a.	n.a.	n.a.	3.3	n.a.	
Pay-out	40.0%	17.2%	0.0%	0.0%	0.0%	14.3%	0.0%	
Multiples and Ratios	P/E (x)	96.5	13.5	n.a.	n.a.	n.a.	55.0	n.a.
	P/BV (x)	2.5	1.7	3.1	3.3	4.0	2.7	14.8
	EV/Revenues (x)	2.0	1.0	1.0	n.a.	1.5	1.3	3.4
	EV/EBITDA (x)	13.9	10.0	n.a.	n.a.	n.a.	11.9	n.a.
	EV/EBIT (x)	n.a.	14.2	n.a.	n.a.	n.a.	14.2	n.a.
	ROE	2.6	12.6	n.a.	n.a.	n.a.	7.6	n.a.
	FCF Yield (%)	n.a.	0.1	n.a.	n.a.	n.a.	0.1	n.a.
	DPS	0.08	0.70	0.00	0.00	0.00	0.19	0.00
	Dvd Yield	0.3%	1.1%	0.0%	0.0%	0.0%	0.3%	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
27-Oct-2022	n.a.	1.83	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
26-Apr-2022	n.a.	2.84	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas

