LIGHTHOUSE
INSTITUTO ESPAÑOL DE ANALISTAS

Vanadi Coffee

EQUITY - SPAIN
Sector: Hotels, Restaurants & Leisure

Closing price: EUR 0.20 (20 Dec 2023)
Report date: 21 Dec 2023 (hh:mmh)

Initiation of Coverage
Independent Equity Research

Vanadi Coffee (VANA) a chain of small-sized cafés based in Alicante (Spain) focused on healthy eating. Set up in November 2021, it now has 10 establishments up and running, all in Spain. Listed on BME Growth since 2023, with the board of directors controlling 25% of VANA's capital.

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A good idea, but "all the eggs are in one basket": how quickly it can execute the business plan

A PLAY IN THE HOSPITALITY SECTOR… VANA is a (early stage start-up) chain of cafés that offers a combination of top quality products and state-of-the-art customer experience. It opened its first establishment in June 2022 in Alicante. We estimate that by 2025e it will have 37 up and running.

…A BIG JUMP IN SCALE. Our scenario for 2023e-2025e points to exponential growth in revenue (thanks to the low starting point) to c.EUR 9Mn in 2025e (4x revenue in 2023e). This is a considerable step-up in scale, achieved by: i) increasing the number of openings (6 in 2023e, 11 in 2024e and 16 in 2025e), ii) jumping on the healthy eating bandwagon, and iii) taking away market from traditional formats.

"CREDIBLE" SCOPE FOR MARGIN EXPANSION, BUT NOT ENOUGH TO EXCEED BREAK-EVEN (UNTIL AFTER 2025E)… This is the result of three factors: i) an improvement in gross margin (to around 65.3% in 2025e vs 50.7% in 2022), ii) a reduction in overhead (lower weight of administrative staff in total personnel expenses), but it will still squeeze recurring EBITDA in 2025e (EUR -0.5Mn), and iii) the physical proximity of new openings, enabling the company to build economies of scale.

…PUSHING UP NET DEBT TO EUR 6.4MN IN 2025E (PARTIALLY MITIGATED VIA CONVERTIBLE BONDS). The biggest unknown is whether the company can raise the finance to deliver its expansion plan. The business model requires hefty investment in new openings. The company can only reduce its funding needs by expanding faster so it can generate positive FCF sooner. We expect it will be able to largely plug these needs by solutions involving equity which, accordingly, implies dilution. We are projecting increases in net debt to EUR 6.4Mn in 2025e.

ON PAPER THE IDEA IS OBVIOUS, BUT IT MUST PICK UP THE PACE "NOW". While exposed to the same risks as any start-up, VANA is a (theoretically) clear play on growth. It appears to have the right location, industry and commitment to healthy eating. However, key is the amount of time it will need to pare operating losses and reduce its financing. Its 2024e earnings will be the acid test for gauging the pace of its expansion and the real impact on margins and FCF.

Market Data

Market Cap (Mn EUR and USD)	1.5	1.6
EV (Mn EUR and USD) (1)	3.6	4.0
Shares Outstanding (Mn)	7.5	
-12m (Max/Med/Mín EUR)	3.00 / 0.48 / 0.17	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation(2)	256.8	
Factset / Bloomberg	VANA-ES / VANA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

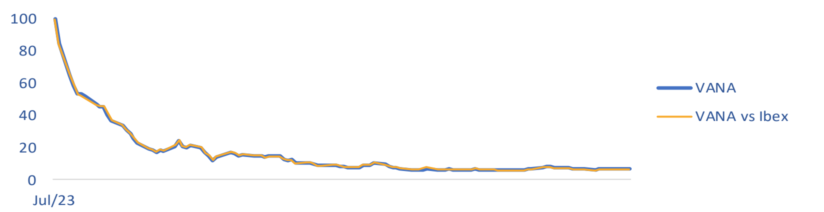
Salvador Martí Varó	14.6
Vicente Terol	6.9
Free Float	78.5

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	0.0	7.2	8.9	8.9
Total Revenues	0.5	2.3	5.1	9.3
Rec. EBITDA	-1.2	-1.6	-1.1	-0.5
% growth	*n.a.*	*-27.6*	*31.8*	*52.3*
% Rec. EBITDA/Rev.	*n.a.*	*n.a.*	*n.a.*	*n.a.*
% Inc. EBITDA sector(3)	*26.2*	*20.8*	*16.0*	*11.3*
Net Profit	-0.9	-1.7	-1.3	-1.0
EPS (EUR)	n.a.	-0.23	-0.14	-0.11
% growth	*n.a.*	*n.a.*	*38.9*	*22.4*
Ord. EPS (EUR)	n.a.	-0.24	-0.16	-0.12
% growth	*n.a.*	*n.a.*	*35.4*	*22.4*
Rec. Free Cash Flow(4)	-2.1	-2.1	-2.6	-2.5
Pay-out (%)	*0.0*	*0.0*	*0.0*	*0.0*
DPS (EUR)	n.a.	0.00	0.00	0.00
Net financial debt	0.1	1.4	4.0	6.4
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*
ROCE (%)(4)	*n.a.*	*n.a.*	*n.a.*	*n.a.*

Ratios & Multiples (x)(5)				
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	2.3	3.1	n.a.	n.a.
Dividend Yield (%)	*n.a.*	*0.0*	*0.0*	*0.0*
EV/Sales	7.67	1.56	0.71	0.39
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)(4)	*n.a.*	*n.a.*	*n.a.*	*n.a.*

(1) Please refer to Appendix 3.
(2) Rotation is the % of the capitalisation traded - 12m.
(3) Sector: Europe / Restaurants -IND.
(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.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	9.5	-45.6	n.a.	n.a.	n.a.	n.a.
vs Ibex 35	6.6	-48.0	n.a.	n.a.	n.a.	n.a.
vs Ibex Small Cap Index	7.5	-45.9	n.a.	n.a.	n.a.	n.a.
vs Eurostoxx 50	4.8	-48.7	n.a.	n.a.	n.a.	n.a.
vs Sector benchmark(3)	-1.3	-52.8	n.a.	n.a.	n.a.	n.a.

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

Vanadi Coffee (VANA) 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).

A café chain start-up that is extremely dependent on the pace of openings. The model's biggest drawback is financing (and its impact)

A hospitality chain focused on healthy eating…

Vanadi Coffee (VANA) is a (early stage start-up) chain of healthy eating cafés that offers a combination of top quality products and cosy surroundings and seeks to offer an innovative customer experience. Set up 2021 by Salvador Martí and Vicente Terol, the company had 10 establishments open in Alicante by the end of 1H23, a popular tourist area, offering healthy and locally sourced products.

…competing with both premium chains and local cafés.

In 2023, VANA acquired the Le Fournil de Jules bakeries, with full kitchens, in a bid to enhance its own logistics. VANA's establishments serve food from breakfast through dinner and offer a home delivery service. Unlike fast food chains (e.g. McDonald's or Taco Bell), VANA follows a unique business model, articulated around three pillars: i) competing simultaneously with both large chains and traditional cafés located in less densely populated areas, ii) a locally sourced quality product offering and iii) a variety of eating options.

VANA's business model begs three key questions: i) What is the company's real capacity for organic growth? ii) What impact would a scenario of high growth have on margins? and iii) How much investment and financing is needed? The answer to those questions requires systematic analysis of the company's statement of profit or loss. But first, what is VANA today?

A) 2021-1H23: Start of business operations (1H23 revenue: EUR 0.7Mn vs EUR 0.5Mn in FY 2022), with its first opening in June 2022

VANA opened its first establishment in June 2022, so the (embryonic) stage of development of the business currently can hardly be ignored. That being said, led by a strong marketing effort the company reported revenue of approximately EUR 0.7Mn in 1H23, above the figure for FY 2022 (EUR 0.5Mn). This illustrates the sharp growth expected for turnover in the coming years, but it won't be enough (yet) to exceed break-even at recurring EBITDA level. VANA's key features can be summed up as follows:

- **A combination of healthy eating and state-of-art, cosy spaces in its cafés,** is VANA's value proposition in a nutshell. Its service is more than the product itself (which is of top quality), with a focus on customer journey; the entire process (from ordering to payment) can be conducted via a mobile app. The strategy for the medium term is to build up a large enough chain of cafés to extend the company's reach and leave it in a strong position to compete with traditional cafés.

- **A fast scaling business…** VANA's main assets are its (leased) sale establishments. It currently has 10 in operation (up from four at year-end 2022). The company's overall growth is contingent on the number of annual openings it can carry out. VANA's establishments are divided up into four types, which by order of higher to lower turnover are: Premium, District, Le Fournil de Jules and Corner.

It opened its first establishment in June 2022. It now has 10 establishments open

- **…but one that requires hefty investment.** VANA has traded on BME growth since Jule 2023. The company's IPO was the result of a "real" need to raise finance so it could execute the business plan presented. This is a key step for a company that needs to invest heavily if it wants to carve out a niche for itself in an industry like hospitality, which is mature yet still growing steadily (CAGR 2023e-2025e: 5%).

A scalable business model, but one that requires hefty investment

The snapshot is one of a company whose P&L is not its focal point (revenue and EBITDA in 1H23 of EUR 0.7Mn and EUR -0.9Mn, respectively) as it does not showcase the scope for growth/profitability of the business (nor its level of debt: ND in 1H23 of EUR 0.5Mn). The company will spend the next two years getting its structure in place, putting its ability to build the brand to the test, and trying to bring in enough revenue to get into the black for good. That is still a way off.

B) 2023e should (theoretically) be the first step in VANA's jump in scale (revenue 2025e: EUR 9.3Mn; 4x 2023e), with financing as the business model's major drawback

Earnings to date have "little" to actually do with the company's growth/profitability

VANA is in the midst of its ramp-up stage. The 1H23 results mark the way forward (growth in revenue and reduction in overhead) but the company has yet to reach cruising speed. VANA's story is predicated on its ability to scale up the business and, above all, the speed at which it may do so. Plans unveiled so far imply a long-term opportunity, which is not yet visible in the P&L. So, what can we expect for 2023e-2025e?

VANA is in the midst of its ramp-up stage...

- **The strategy regarding new openings and average revenue per sales establishment will drive a major increase in revenue (revenue 2025e: EUR 9.3Mn vs EUR 2.3Mn in 2023e)...** The strategy regarding new openings and average revenue per establishment will result in sharp growth in revenue, to c.EUR 9Mn by 2025e, with tourism in Alicante providing tailwinds. However, this will depend on execution of the expansion plan. We expect the pace of openings to accelerate over the forecast period: 2023e (+6 establishments year-on-year), 2024e (+11) and 2025e (+16). The focus is primarily on Valencia, where the aim is to build up a network of establishments (37 in 2025e vs 10 in 2023e).

  Another key factor will be the trend in average revenue per establishment. We are assuming that new openings will contribute 50% of their peak run rate in their first year of operation and that it will take 18 months from opening to reach their theoretical peak run rate. We think the current ramp-up stage, featuring a high pace of new openings (and a lower starting point), is likely to have an adverse impact on average revenue (EUR 321K in 2025e; -4% vs 2023e) until 2025e. average revenue per establishment is correlated with the mix of new establishments.

…we expect a jump in scale (revenue 2025e: EUR 9.3Mn; 4x 2023e)

- **…gradually bringing down costs, which will bring VANA closer to break-even at EBITDA level (although it will have to wait until to 2026e to become EBITDA positive).** The heady growth forecast for 2023e-2025e would come alongside gradual margin expansion, enabling the company to pare operating losses and taking EBITDA 2025e to EUR -0.5Mn (vs EUR -1.6Mn in 2022). The improvement in profitability is the result of three factors: i) an improvement in gross margin (to industry average levels, of c.70% vs 59.5% in 2023e), ii) a lowering of its operational gearing (reducing the weight of administrative staff in total personnel expenses) and iii) proximity in the location of new openings, which will generate synergies enabling the company to build economies of scale.

We do not expect the company to be EBITDA positive until after 2025e

- **The expansion requires significant CAPEX (keeping the company from generating positive FCF until after 2025e)...** Our baseline scenario assumes 33 establishments in three years' time. This expansion, coupled with operating losses (and despite the business's inherent positive working capital changes), result in a cumulative capital requirement of c.EUR 7Mn to 2025e. Therefore, we do not expect VANA to achieve positive FCF any time in the next few years.

We estimate cumulative capital needs of c. EUR 7Mn to 2025e

- **...and (logically) an increase in net debt, which should reach its ceiling in 2025e (ND 25e: EUR 6.4Mn).** Growth of the business, not to mention the inability to deliver an operating profit over the next two years, will inevitably cause debt to rise. This adds weight to the only unknown in our model: the ability to raise capital, which is the main drawback to VANA's business model (as it is with any start-up). In April 2023, it arranged a financing facility with GCFO (an investment vehicle of a Dubai-based investment fund) for EUR 10Mn through 2028e. At the time of writing, the conversion of bonds has (already) resulted in a dilution of c.30% for shareholders since VANA's IPO (Jule 2023). On our estimates, we are potentially facing further dilution of 48% (to EUR 1.25/share; +625% of the current share price; 85% dilution assuming conversion at the current share price).

The key unknown is the ability to raise capital

Looking strictly at 2023e, our numbers show revenue of EUR 2.3Mn (vs EUR 0.5Mn in 2022) and recurring EBITDA of EUR -1.6Mn. We also estimate net debt at year-end 2023e of EUR 1.4Mn, arising from the required investment in openings and the acquisition of Le Fournil de Jules in 2023e (EUR 0.6Mn).

What about 2025e? VANA can expect revenue to reach as high as EUR 9.3Mn in 2025e, with 37 establishments open and average revenue per establishment of EUR 321k, although this will depend on its making the required investment and executing the expansion plan. Moreover, the company's ability to leverage its costs to the growth of its business should lower the OPEX-to-revenue ratio from its first year of operations to c.70% by 2025e. This, coupled with improvement in gross margin, could leave EBITDA 2025e close to break-even (EUR -0.5Mn).

As a result, net debt looks set to remain high, ending 2025e at EUR 6.4Mn. Unless VANA carries out further rights issues or equity raises, it would have negative equity from 2024e, although this would be mitigated by the agreements regarding the convertible financing already entered into. The big question that must be answered over the next few years revolves around the company's ability to raise additional capital and how it will affect shareholders (in terms of dilution).

Table 1. Summary of Lighthouse's financial projections (2022-2025e)

EUR Mn	2022	2023e	2024e	2025e
Total Revenues	**0.5**	**2.3**	**5.1**	**9.3**
Var. (%)	*n.a.*	*391.0%*	*119.0%*	*83.3%*
Gross Margin	**0.2**	**1.4**	**3.2**	**6.1**
Gross Margin/Revenues	*50.7%*	*59.5%*	*63.3%*	*65.3%*
Personnel expenses	-0.6	-1.3	-2.1	-3.6
Other operating expenses	-0.8	-1.6	-2.2	-2.9
Rec. EBITDA	**-1.2**	**-1.6**	**-1.1**	**-0.5**
Working Capital Increase	0.4	0.5	0.4	0.6
Capex	-1.4	-1.0	-1.7	-2.2
Recurrent Free Cash Flow	**-2.1**	**-2.1**	**-2.6**	**-2.5**
Net Financial Debt	**0.1**	**1.4**	**4.0**	**6.4**
Number of establishment at year-end	*4*	*10*	*21*	*37*
Average number of employees	*16*	*55*	*83*	*152*

C) In conclusion: A good idea in the hospitality sector. But (logically) exposed to execution risk. It can only avoid this by stepping up the pace of openings

An investment idea in the hospitality sector in Spain

The next two years will put VANA's business model to the test, both quantitatively (e.g. revenue, margins) and qualitatively (higher brand recognition -outside Valencia- and customer loyalty).

VANA hopes to capitalise on growing demand for healthy eating options. The aim is to first gain a leading position within the Alicante 'Fast Good' segment in Alicante and then to expand into other regions of Spain. The business is still in the initial stages of development, but its high scalability should enable the company to achieve a significant leap in revenue.

Therefore, our equity story hinges on two variables: i) raising the necessary financing to deliver the expansion plan, which prompts us to estimate major dilution for shareholders, and ii) the pace of execution of the expansion plan required to drive significant margin expansion and reach break-even at EBITDA level within three years at most. Visibility of our estimates is extremely low because of the business model's reliance on the pace of new openings, so the performance of the business in 2024 will provide a key indicator.

The time it will take to boost margins and reach break-even will be a key factor

Put another way, we are faced with a dichotomy. On the one hand, there is the opportunity to build a brand capable of attracting and retaining a broad customer base, thereby becoming a leader (in Valencia? in all of Spain?). On the other hand, there is a risk that the company will be unable to raise the financing it needs to expand its footprint, making it take longer to achieve the levels of profitability expected for the coming years and possibly forcing the company to scale back its expansion plans. VANA can only boost its profitability by growing considerably through new openings (i.e. inorganic growth). And the pace of new openings will almost exclusively determine both margin expansion and the greater or lesser need for financing.

The question marks hanging over VANA relate to its ability to maintain the financial backing it needs to limit dilution going forward. As with any start-up, VANA offers a combination of opportunities and risks. Its risks are mitigated by a business model that features clear strengths, e.g. a commitment to doing business locally (Alicante), helped by the area's high exposure to tourism. And its ability to build economies of scale by expanding the business. Therefore, the amount of time it will take VANA to achieve break-even (on our estimates it will reach this in 2026e) will be a key factor affecting its performance.

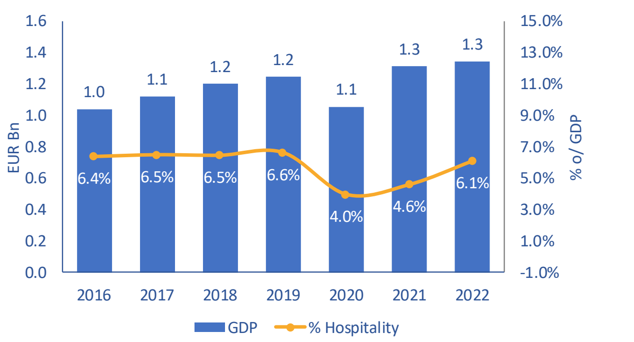
What does the share price tell us? Since the company made its debut on BME Growth in Jule 2023, its share price has plunged by c. 92%. Our 2023e numbers put VANA trading at an EV/revenue multiple of 1.6x, which is below its comps (2.4x for other café chains, including Starbucks and Greegs). This discount is explained by the scant profitability at present and the risk that the company will be unable to raise the financing it needs to execute the business plan.

Like any start-up, VANA offers a combination of opportunities and risks

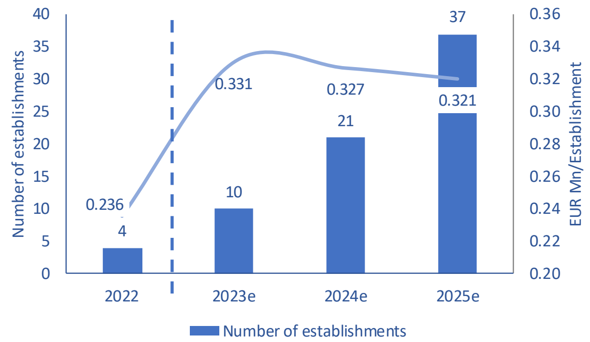
Despite the risks explained above, we see VANA as a good idea in the hospitality sector. It is firmly committed to healthy eating and has shown a "credible" ability to expand the business. With 2023 now (virtually) over, 2024e earnings will be the acid test for VANA. Earnings for 2025e are still far off and not yet being priced in.

The company in 8 charts

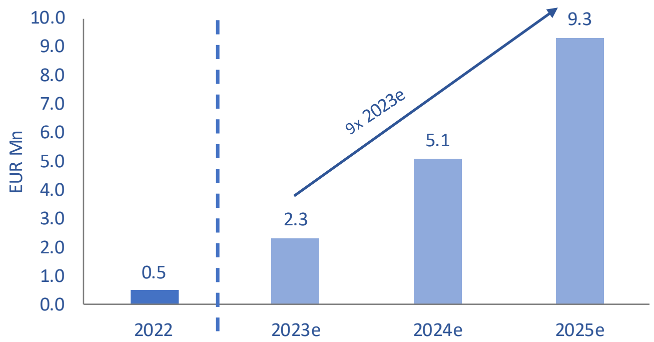
Hospitality is one the main growth drivers of the Spanish economy (and Spanish employment)



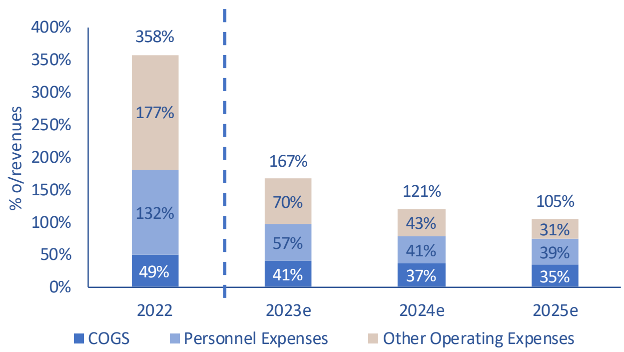
Average revenue per establishment and the number of establishments will be the main catalyst for business…



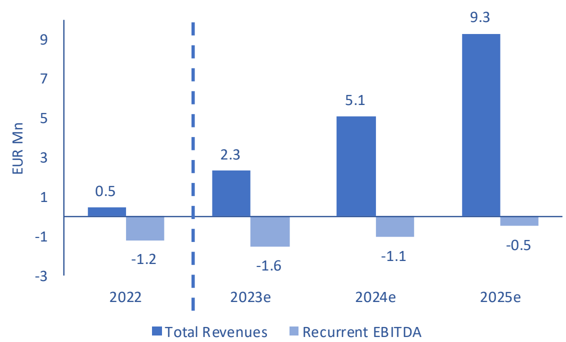
… on which our revenue growth estimate for 2024e and 2025e is based (Revenue 2025e: 9x 2023e)



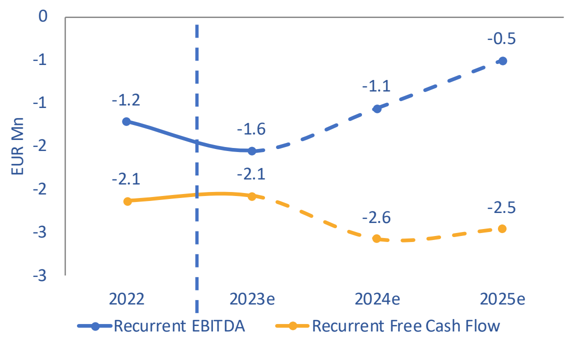
Costs will be reduced by improving margins expansion and developing economies of scale…



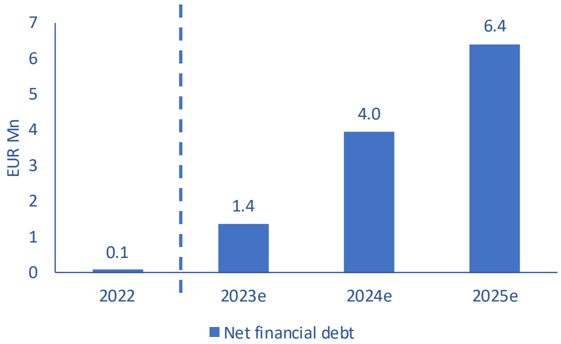
…Although not enough to exceed EBITDA break-even (until after 2025e)



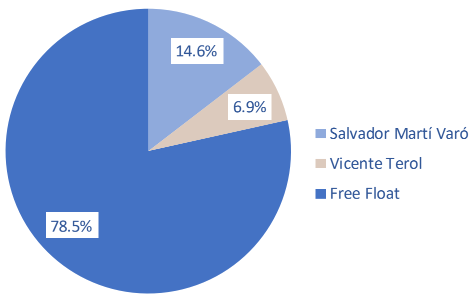
Hefty CAPEX which, coupled with operating losses, will prevent the company from generative positive FCF…



…..pushing up Net Debt to EUR 6.4Mn in 2025e (having negative equity from 2024e))



Indebtness partially mitigated via convertible bonds that will dilute the reference shareholders



Business description

A food service start-up focused on healthy eating (Fast Good)

Chart 1. Revenue growth (2021-2022)

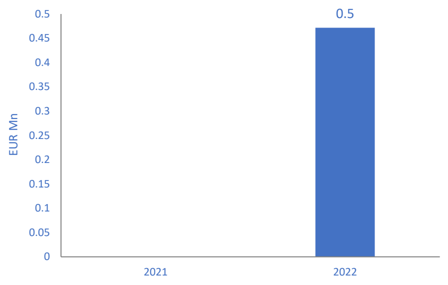


Chart 2. Point of sale distribution (2022)

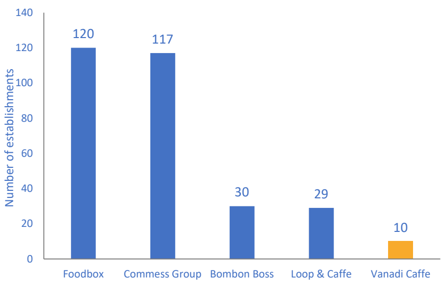


Chart 3. Number of open point of sales (2021-1H23-2023e)

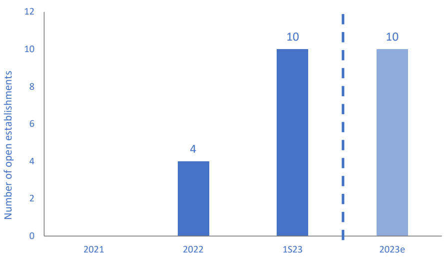
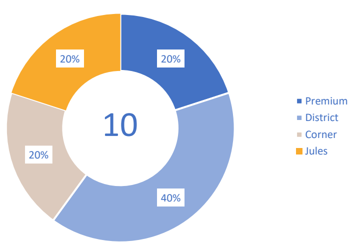


Chart 4. Point of sales by type (1H23)



Vanadi Coffee (VANA) is a Spanish start-up (market cap: c.EUR 1.5Mn) based in Alicante: Founded in 2021, its business model is to lease and refurbish bars and restaurants for the sale of top quality, healthy and locally-sourced products. In 2022, it generated EUR 0.5Mn of revenue (100% in Alicante, Spain). It listed on BME Growth in July 2023.

What sets VANA apart from its competitors is its innovative "Fast Good" concept, a combination of fast yet quality, healthy food. Unlike traditional fast food chains such as McDonald's and Taco Bell, VANA focuses on offering healthy food options. Its establishments serve food from breakfast through to dinner, as well as offering a home delivery service. They are strategically located in premium locations that are less busy in order to compete with local cafés.

VANA's business model is articulated around three pillars: i) the scarcity of healthy cafés in less densely populated areas; ii) a quality product offering; and iii) a variety of healthy eating options. Its products are made using natural ingredients and revolve around coffee, bread, open sandwiches, puddings, wraps, etc.

Although VANA's main competitors are local cafés on account of its 'neighbourhood establishment' model, it also competes with the main restaurant chains operating in Spain which have extensive franchise networks, some of which with several trademarks. Those chains in Spain include: Zena Alsea (a Mexican group with a total of 1,069 premises, including the VIPS and Starbucks trademarks); Áreas (562 establishments and trademarks such as Caffé Caffé, La Pausa and Gastro club); Comess Group (117 establishments and trademarks such as Lizarrán, Levadura Madre and Cantina Mariachi) and Foodbox (>120 premises, including the Santa Gloria trademark).

Regionally (Valencia), VANA competes with: i) Bombon Boss, 30 coffee shops in Spain specialised in coffee and freshly-made products; and ii) Loops & Coffee, 29 establishments in Spain. VANA ended 2022 with four establishments (Chart 2).

New openings lie at the heart of the business model

The crux of VANA's business model is its proximity to its customers, which is why the speed with which it can open new establishments is key. Technology plays an important role in VANA's customer journey. Its establishments are fully digitalised, meaning menus that can be scanned using QR codes, online order functionality, WiFi, mobile device chargers and an order app.

VANA is at the initial stages of its business development, having opened its first establishment in June 2022. In June 2023 it acquired Le Fournil de Jules, a bakery with two premises (with full kitchens) in Alicante for EUR 0.6Mn. As a result, the company's business model, strategy and results could undergo significant change in the coming years. As of June 2023, the company had 10 establishments (all in the province of Alicante) which can be categorised into four categories:

- **Vanadi Premium.** Think of these as VANA's flagship restaurants; they are excellently located in cities and have a surface area of c.400m². They have capacity to seat 70-90 diners. The main purpose of these flagship establishments is to build the VANA brand, while also providing the kitchen capacity needed to serve the other establishments. We estimate average annual revenue per establishment of c.EUR 750k.
- **Vanadi District.** These are smaller-sized restaurants located in strategic neighbourhoods with a floor space of 80-200m² and seating for around 60 people. They are the lever for VANA's growth strategy. The idea is to locate District establishments in areas less heavily penetrated by the big restaurant chains so as to compete with local cafés. We are estimating average annual revenue per establishment of c.EUR 320k.

Chart 5. Maximum revenue by type of establishment

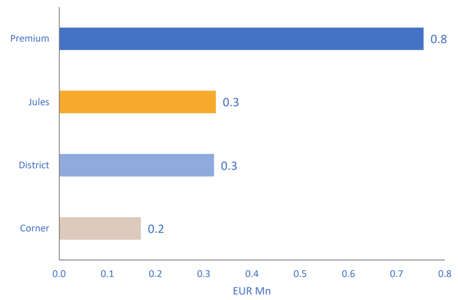


Chart 6. Revenue evolution (2021-1H23)

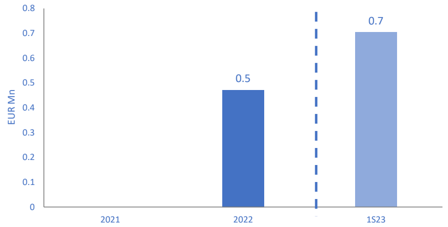
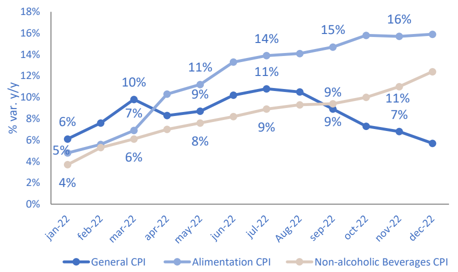
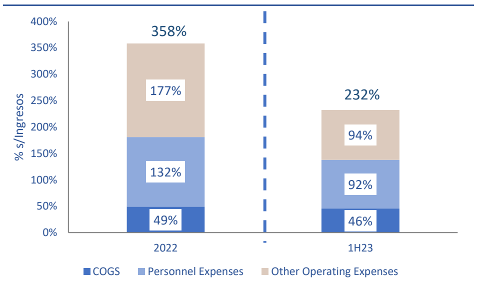


Chart 7. CPI (2022)



Sources: INE.

Chart 8. Cost structure over revenues (2022-1H23)



- **Vanadi Corner.** Establishments located in shopping centres and set up as stores-in-stores with a staff of just 1-2 people and a sales floor of 20-25m². Here the idea is to expand the brand's reach by locating them in busy places with heavy footfall. We are estimating average annual revenue per establishment of EUR 170k.

- **Le Fournil de Jules.** These establishments sell/serve coffee and baked goods. The main goal is to bring a new brand and additional services under the company's umbrella brand. We are estimating average annual revenue at these establishments of EUR 325k.

Revenue growing but still embryonic…

VANA began to open premises in June 2022, which means that most are still at the ramp-up stage and therefore have yet to reach cruising speed in terms of annual revenue. The length of time in operation is not the only factor that affects revenue per establishment. The average ticket price depends on the type of establishment (from EUR 5 to EUR 12). We estimate an overall average ticket price of EUR 7. We would additionally highlight: i) the lack of brand recognition; ii) weather conditions; iii) location; and iv) the ability to draw new customers. If the four establishments opened in 2022 had generated revenue at their theoretical run rates since 1 January, VANA would have reported EUR 2Mn of revenue in 2022 (vs EUR 0.5Mn in 2H22 and EUR 1.0Mn *pro forma*).

In 1H23 the company reported EUR 0.7Mn of revenue, up significantly from 2H22. The highest-grossing establishment in 1H23 was the Vanadi Maisonnave in Alicante, which generated EUR 0.3Mn of revenue in 1H23, 43.5% of the total. The growth observed in 1H23 was driven by:

- **Growing brand recognition.** The establishments' strategic locations (essentially the Premium formats) and the company's marketing effort have translated into greater brand recognition. That in turn has already resulted in growth in revenue per establishment in 2023.

- **The number of establishments operating and the time elapsing since their inauguration.** The investment in opening new establishments is translating into higher customer traffic, in turn driving revenue growth. In addition, the various establishments are moving out along the period of time required to reach their targeted run rates (we estimate a ramp-up period of 18 months).

… although the (logical) margin pressure caused by investment and start-up costs mean EBITDA remains below break-even

VANA's cost of sales specifically includes the cost of the raw materials (foods) used to make its products (smoothies, sandwiches, poke bowls, etc.). In 2022, inflation hit food products particularly hard, reaching 16% year-on-year in 4Q22. That drove VANA's supply costs sharply higher, leaving a gross margin of 50.7% in 2022. In 1H23, the gross margin widened to 54.3% (+3.6pp vs 2022 vs 68% at Starbucks).

Below the gross profit line, VANA invested heavily to open new establishments (CAPEX) and hire the staff needed to get the business up and running in 2022. Personnel costs amounted to EUR 0.6Mn in 2022, with 39% of the total spend accounted for by the company's two executive directors. At 31 December 2022, the company had a staff of 37 (average headcount in 2022: 18) and an average of 8.5 employees per establishment (including administrative staff and considering four establishments in operation). VANA recognised EUR 0.9Mn of operating expenses in 2022.

In its first year in business, its overhead (personnel and other operating expenses) equalled c.3.5x revenue (2022 revenue: EUR 0.5Mn). Personnel costs were equivalent to 130% of 2022 revenue (16 employees), while the cost of building up the corporate structure, which includes expenses related with the start-up of the restaurants (leases, works, professional services) represented 177% of the 2022 topline. As a result, VANA reported a loss at the EBITDA level of EUR 1.2Mn in 2022. Logically, the 2022 results are not meaningful.

The 1H23 results do, however, mark the way forward, fuelled by a very easy comp in terms of costs and revenue. Total overhead costs fell to 186% of revenue in 1H23 (vs 310% in 2022). Despite the relative drop in operating expenses, recurring EBITDA remained in the red in 1H23 (EUR -0.9Mn).

VANA's current losses are partially attributable to the (embryonic) stage of development of the company and its structure. Sales volumes will be key to building the economies of scale needed to unlock profitability.

Chart 9. From Revenue to EBITDA (2022)

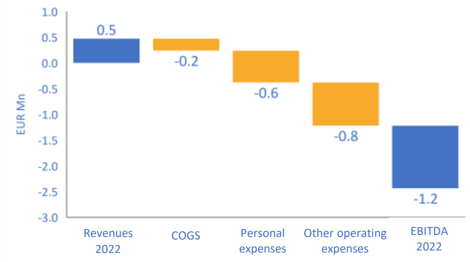


Chart 10. From Revenue to EBITDA (1H23)

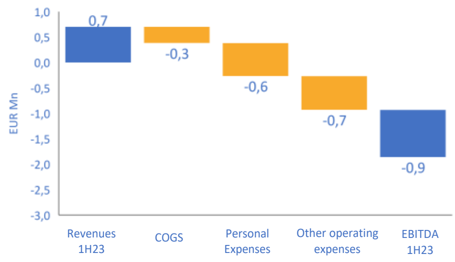
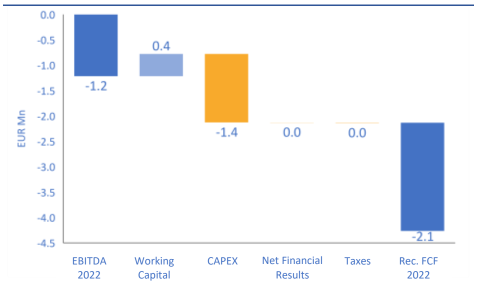


Chart 11. From EBITDA to Rec. FCF (2022)



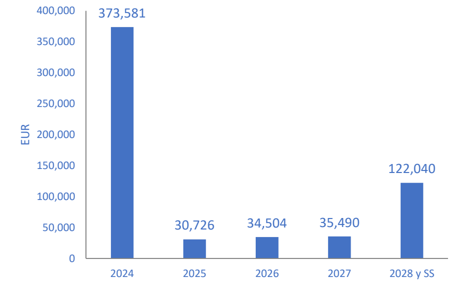
How does VANA finance its business?

At year-end 2022, VANA had EUR 0.1Mn of net debt. Given its small size and early stage of development, it has funded itself from two sources:

- **Bank loans:** Gross debt stood at EUR 0.3Mn at year-end 2022 (due 2030e) and carried interest of 2.84%.
- **Working capital:** The nature of VANA's business, marked by spot sales, implies negative working capital. Although future business growth should prove a source of FCF via working capital, that funding is not (yet) sufficient in scale to offset the company's operating losses.

In 2023, VANA secured new sources of financing, notably: i) in March 2023, it arranged a short-term financing facility with La Caixa for EUR 0.3Mn; and ii) in April 2023e, it arranged 5-year convertible financing with Global Corporate Finance Opportunities 21 (GCFO 21, managed by Alpha Blue Ocean, which has financing agreements with other listed Spanish companies, including Substrate AI, Endurance Motive and EiDF) in the amount of EUR 10Mn.

Chart 12. Gross Debt maturity 1H23

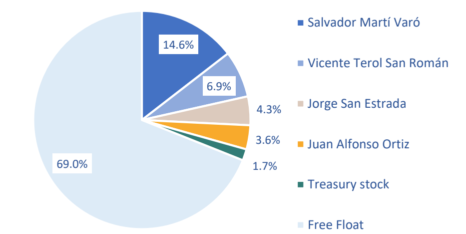


VANA is managed by its founders, which still own 25% of its equity

The board of directors controls the company with no other institutional investor holding a significant interest. Salvador Martí (founder and chairman), Vicente Terol (CEO) and Juan Alfonso Ortiz (director) control 25% of VANA's equity, with proportionate boardroom representation. That structure guarantees alignment between management's interests and those of the minority shareholders (free float: 69%).

As noted above, in April 2023e, VANA entered into a financing agreement by issuing convertible bonds to GCFO 21 (Global Corporate Finance Opportunities 21, an investment vehicle managed by Alpha Blue Ocean, a Dubai-based investment fund with a presence in Europe and experience financing listed small caps) for a total amount of EUR 10Mn in order to fund its non-organic growth. The agreement runs for 60 months.

Chart 13. Shareholder composition



Note: Shareholder percentage, as of the date of this report, taking into account the convertible bond tranches that have already been converted.

The total size of the financing agreement is EUR 10Mn and it is divided into: i) a first tranche of EUR 2Mn; and ii) 32 tranches of EUR 0.25Mn. The face value of each bond is EUR 1k; the bonds do not accrue interest. The arrangement/commitment fee is EUR 0.4Mn (settled by issuing additional convertible bonds on identical terms).

In addition, the company has issued equity warrants (waiving pre-emptive subscription rights) exclusively to GCFO 21. The equity warrants grant GCFO 21 the option to acquire a number of shares up to the equivalent of 30% of the face value of each of the convertible bond tranches issued during the 5-year agreement at the price of: i) 120% of the IPO price (for the first tranche) and ii) 120% of the weighted average closing price for the 10 trading sessions prior to the subscription application date in the case of the remaining tranches.

In other words, for every 1,000 shares issued at EUR 1/share upon conversion of the bonds, GCFO 21 will be entitled to acquire up to 30% of the total number of shares issued at EUR 1.20/share (120% of the issue price), i.e., 250 shares. The remaining 75% of the shares issued (750 shares) would join the free float.

The pace (and volume) of convertible bond issues is something decided by the board of directors (as a function of the company's share price), making it possible that it will not issue the full amount. Here we run through a hypothetical scenario to show how the issuance of 100% of the convertible bonds would affect the shareholder structure (Table 1). The main assumptions:

i) Conversion of 100% of the bonds in both tranches (plus the arrangement/commitment fee of EUR 0.4Mn, without considering the amount already issued, which at the time of writing has implied the issuance of 2,882,167 shares in total).

ii) The bonds are issued (at their face value) and converted at 95% of the weighted average closing price for the prior 10 trading sessions (due to the share price volatility -3m of -94%, we have used a range from EUR 2/share to EUR 0.2/share). Our baseline scenario assumes a price of EUR 1.25/share (625% above the current price of EUR 0.2/share). In the event of major dilution on account of the prevailing share price, the company would resort to other financing options to raise the required funds.

iii) GCFO 21 executes its equity warrants, acquiring 30% of the shares issued upon bond conversion at 120% of the conversion price (at the time of writing, no equity warrants had been exercised).

Table 1. Hypothetical scenarios showing the potential impact of convertible bond conversion on the company's shareholder structure

		Conversion Price				
Shareholders	**% Capital**	**0.20**	**0.75**	**1.25**	**1.75**	**2.00**
Salvador Martí Varó	14.6%	2.2%	5.8%	7.6%	8.8%	9.3%
Vicente Terol San Román	6.9%	1.0%	2.8%	3.6%	4.2%	4.4%
Jorge San Estrada	4.3%	0.6%	1.7%	2.2%	2.6%	2.7%
Juan Alfonso Ortiz	3.6%	0.5%	1.4%	1.9%	2.2%	2.3%
Treasury stock	1.7%	0.3%	0.7%	0.9%	1.0%	1.1%
GCFO (shares held)	0.0%	21.2%	15.0%	11.9%	9.8%	9.0%
GCFO (shares to market)	31.6%	68.5%	57.7%	52.2%	48.7%	47.3%
Free Float	**37.4%**	**5.6%**	**14.9%**	**19.6%**	**22.7%**	**23.8%**
New Shares		50,545,000	13,478,667	8,087,200	5,776,571	5,054,500

Note 1: "Shares held by GCFO" refers to the scenario in which GCFO 21 exercises its right to acquire 30% of the volume of shares issued at a price of 120%. Whereas "GCFO (Shares to market)" is the remaining number of new shares issued that would join the free float, net of the "Shares held by GCFO".

In the table above we have included the number of shares already issued within "GCFO 21 (Shares to market)" in the current shareholder structure column (as the latter would *de facto* qualify as additional free float) in order to simplify the initial situation. In the scenarios contemplated we took the 30% of the new shares issued at the conversion prices modelled in each column of the table above and divided that figure by 120% of the conversion price in each instance.

Table 2. Shareholders Dilution (Central Scenario)

Shareholders	Number of shres today (%)	Accumulated after total conversion (%)	Dilution (%)
Salvador Martí Varó	14.6%	7.6%	-48%
Vicente Terol San Román	7%	4%	-48%
Jorge San Estrada	4%	2%	-48%
Juan Alfonso Ortiz	4%	2%	-48%
Treasury stock	2%	1%	-48%
Shares held (CFCO 21)	0%	12%	*n.a.*
Shares to market (GFCO 21)	32%	*52%*	*65%*
Free Float	37%	20%	*-48%*
Total Shares	**100%**	**100%**	***n.a***

The above exercise allows us to draw three clear conclusions in the event that the entire financing agreement is converted (at the baseline conversion price): i) if it exercises its right to purchase up to 30% of all of the shares issued (at each conversion window, holding them until the end of the agreement), GCFO 21's equity interest in VANA would reach 16%, implying sharp dilution for the management team (and founders); ii) the current shareholders would have to accept dilution of 48% (36% in the best case scenario and 85% in the worst); and iii) in the event that GCFO 21 were to sell all of its new shares deriving from bond conversion to the market (see Table 1, "Shares to market" and "Shares held"), the free float would increase significantly, to c.84% (vs a current free float of 69%; Table 2: Current Free float + GCFO Shares to market + Shares held by GCFO).

The company's financing (key/decisive factor for any start-up) would be in place. Albeit at a high price (substantial dilution of 48%) for the current shareholders. This agreement provides the company with the financing it needs to fund its growth in the medium term.

In conclusion, what is VANA today?

VANA is an early stage start-up (created in 2021) in the food service sector. As of June 2023, it was operating 10 establishments (we are not expecting any additional openings in 2023e). Since it is still at a very early stage of development, there are risks. The key milestones for its development moving forward are:

- Achieving greater brand recognition.
- Unlocking rapid growth via new openings and growth in revenue per establishment.
- Expanding in pockets of the market where it will not have to compete with other brands so it can focus its efforts on competing with local cafés via product differentiation.
- Building economies of scale, which is only possible by ramping up sales volumes, to render the company's processes more efficient and increase bargaining power with suppliers.
- Achieving positive cash generation to fund the business internally, thanks to the ability to finance itself via trade payables (in a business in which negative working capital is the norm).

VANA has locked in the financing it needs by issuing bonds to GCFO. That arrangement will imply significant dilution for its shareholders (minority and controlling shareholders alike).

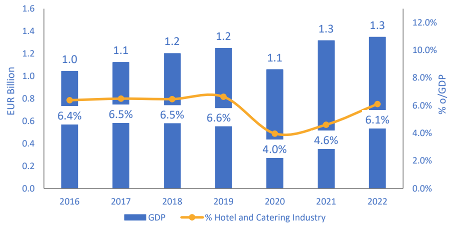
VANA's value proposition is articulated around two key pillars: the promotion of healthy eating and competition with local cafés. VANA's equity story is predicated, above all, on the speed at which it can scale up the business (duly balancing the risks and opportunities).

We are looking at a start-up in the consumer sector. It is exposed to the risks and opportunities that are typical of a business of this nature. The pace of revenue growth (via openings) is the key metric to monitor as it is the only path to unlocking significant profitability gains and generating positive FCF.

The business is extremely dependent on financing for growth. The fact that this "issue" has been addressed is a major plus. Don't forget, however, that it comes at a high price (via dilution).

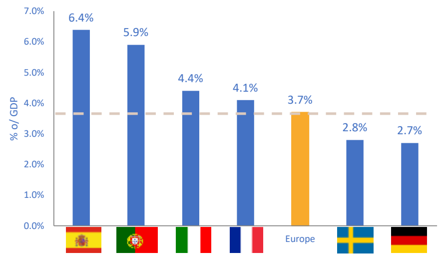
Spanish hospitality industry: a cyclical and (highly) fragmented industry, but one that is regaining momentum post Covid-19

Chart 14. Weight of the Hospitality Industry over GDP (2016-2022)



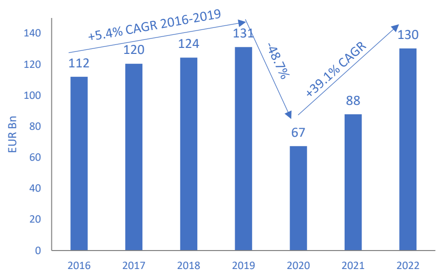
Sources: Spanish national statistics institute, INE.

Chart 15. Percentage of the Hospitality Industry over GDP



Sources: INE, Destatis, ELSTAT, INSEE, Eurostat

Chart 16 Hospitality production in Spain (2016-2022)



Sources: INE/ Spain's 2022 Hospitality Yearbook (*Anuario de la Hostelería de 2022*).

The hospitality sector is nearing the end of its recovery from the shock caused by the Covid-19-related health crisis and 2023 could be the new benchmark year, with activity returning to pre-pandemic levels. In Spain, this sector comprises two sub-segments: i) food services (food & beverage), which includes establishments like bars and restaurants (representing 65%-70% of total output and VANA's segment of operations) and ii) accommodation (lodging), including hotels, tourist accommodation or camping.

Seasonality has a strong impact on the hospitality industry. Thanks to the larger influx of people in 3Q, it usually marks the peaks for all KPIs (e.g. employment, number of establishments open, turnover, average per capita spending) and dictates the overall performance for the year. There are three core factors underlying this seasonality: i) tourist seasons, ii) traditional time for banquets and celebrations and iii) the school year.

This sector is inevitably cyclical and heavily reliant on tourism. The pandemic not only had a major impact on the industry -its contribution to GDP fell to 4% in 2020 (-2.6p.p. vs 2019; Chart 14)- but it also triggered shifts in consumption: from bricks and mortar (restaurants) to digital channels (apps). Demand for home delivery and takeaway services soared, from 12% of total turnover (in 2019) to 22% in 2021.

According to consulting firm Simon-Kucher, this trend in takeaway and home delivery continued in 2022, but in 2023 the number of customers placing orders has fallen (by 8.9% year-on-year in the period from January to April 2023) along with the frequency (-10%). This could signal a watershed moment.

Hospitality is an economic (and employment) driver in Spain

Unlike in other countries where it has a smaller weight on the overall economy, hospitality in Spain represents 6%-6.5% of GDP (6.4% in 2022; +1.5p.p. vs 2021 vs 4% in 2020 and 6.6% in 2019 according to the Spanish national statistics institute, INE). It has a larger share in Spain than the European average (4.3%) and in markets such as Greece (4.3%) or France (5.1%), but lower than in Portugal (c.7%, Chart 15).

Tourism is the main growth driver of the hospitality industry (and the Spanish economy). Spain is the second most visited country in the world, behind only France. In 2022, even with restrictions still in place, there were 71.6Mn foreign inbound tourists -more than double the figure for 2021 (31.2Mn) but below 2019 (83.3Mn)- who spent a total of EUR 87Bn (-5.3% vs 2019). Tourism accounted for 8% of GDP in 2022.

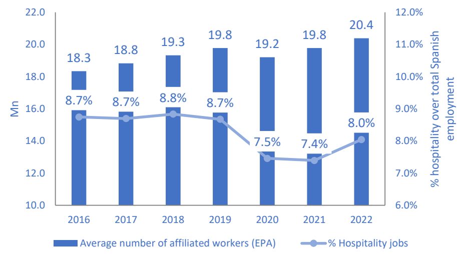
Through October 2023, in the wake of a strong summer season, Spain reported more than 74Mn inbound tourists (in October alone, the country received 7.8% more tourists than in 2019). This leaves the country poised to set a new record and close in on the 85Mn mark, with an inflation-induced increase in tourism expenditure.

We see three core features of the sector in Spain:

- **Output:** pre-pandemic figures output (measured as GAV: gross added value) fared well, consistently delivering double-digit growth (CAGR 2016-2019: +5.4%; Chart 16). On average, sector growth for the 2016-2019 period outstripped overall Spanish GDP growth by c.+3p.p. The sector's heavy reliance on tourism drove output in 2019 to an all-time high of EUR 131Bn.

  GAV then plummeted to its lowest ever in 2020 (EUR 67Bn; -48.7% vs 2019) but has since been recovering. It had almost fully recovered in 2022, with output of EUR130bn (-0.7% vs 2019).

Chart 17. Weight of the Hospitality Industry over employment (2016-2022)



Sources: INE.

- **Employment:** not only has output risen, but there has also been job growth, with employment now broadly back in line with 2019 levels (1.7Mn jobs in hospitality according to the 2022 Spanish labour force survey -EPA-). In 2020, c.364k employees were placed on furlough, while c.200k lost their jobs outright, leaving approximately 1.4Mn registered employees at year-end (-300k vs 2019).

  Spain ended 2022 with a total of 20.4Mn workers (according to the 2022 labour market survey; +3% vs 2019). Of these, 8% worked in the hospitality industry (-0.7p.p. vs 2019), making it the third largest job creator in Spain behind industry and commerce (and also a creator of indirect jobs, e.g. food & drink distributors in the HoReCa channel). The industry employed 1.8Mn people in 2Q23 (+5.2% vs 3Q19 and +7.1% vs 2022), with this figure expected to increase in 2024e to close to 2Mn.

  According to Spain's 2022 Hospitality Yearbook (*Anuario de la Hostelería de 2022*), the sector was able to generate more jobs in 2022, but not all the vacancies were filled. This type of job has become less appealing, mostly due to the working conditions (low wages, poor training, no career plan).

- **Average per capita spend:** out-of-home (or away-from-home) spend is another industry KPI. In Spain, out-of-home (OOH) spend in 2022 amounted to EUR 33Bn (+11.5% vs 2021; -8.8% vs 2019). The Spanish Ministry of Agriculture, Fisheries and Food's Food Consumption Report noted that the strong performance in 2022 was the result of: i) higher OOH consumption (fewer restrictions in 1Q22 than in 1Q21), ii) excess savings built up after 2020 and 2021, and iii) the increase in prices (+5.7% vs. 2021).

  Per capita expenditure amounted to EUR 984 Mn in 2022 (+11.3% vs 2021; Chart 19), leaving a CAGR 2020-2022 of 25.3%. Average OOH spend in Spain was EUR 1,095/person. This was below pre-Covid levels, but the figure is expected to be higher in 2023e.

Chart 18. Restaurant expense over rent

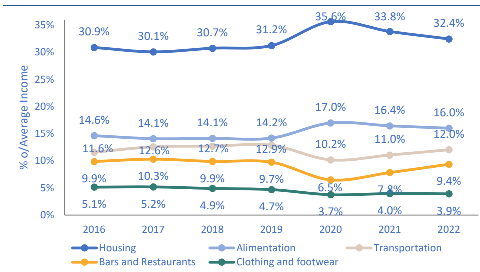
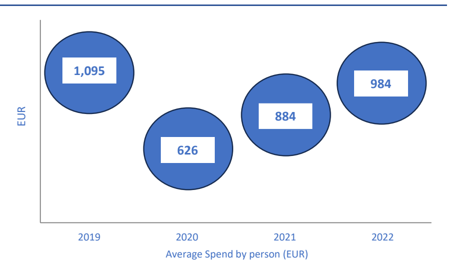
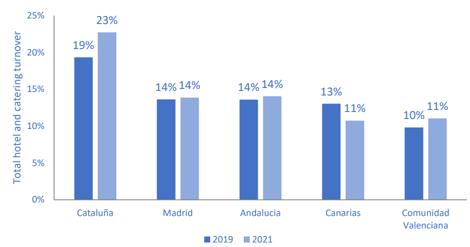


Chart 19: Average expense/person in Spain



Sources: INE e Spanish Food Consumption Report (Informe del Consumo Alimentario).

Chart 20. Production by Autonomous Communities in Spain (2019 vs 2021)

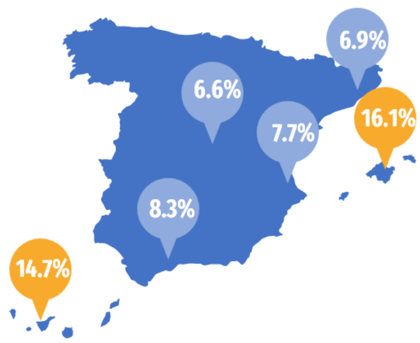


Sources: Anuario de la Hostelería en España en 2022.

Catalonia is the Spanish leader in hospitality

The geographical concentration of Spain's hospitality industry is mostly tourism-driven. The country's five largest regions make up c.70% of total annual output. According to the latest data in that 2022 Yearbook (i.e. 2021; Chart 20), Catalonia obtained the largest share of revenue from this activity of any region, at 23% of the total (vs 19% in 2019). Next were Madrid and Andalusia, with 14% (in line with 2019) each, and then the Canary Islands and Valencia, with 12% and 11%, respectively (13% and 10%, respectively, in 2019). As a percentage of GDP, the share of hospitality in the Balearic and Canary Islands was considerable and above the Spanish average (i.e. the hospitality industry generates 20% of the region's wealth).

Chart 21. Percentage of Hospitality Employment by Autonomous Community

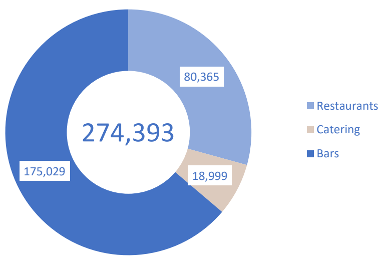


Sources: Anuario de la Hostelería en España en 2022.

In 2021, there were 274 thousand food service (food & beverage) establishments opened in Spain. Four regions accounted for over half: Andalusia (18%), Catalonia (16%), Valencia (12%) and Madrid (11%). Particularly eye-catching could be the (uneven) distribution of jobs by region, with the Canary and Balearic Islands accounting for 14.7% and 16.7% of employment in Spain, respectively. The large reliance of these regions on this industry is related to holiday seasons and tourism (Chart 21). For Castile and León and Madrid, the industry's share of employment is between 5.7% and 6.6%, respectively.

Specifically, Valencia has nearly 33 thousand food service establishments. Destinations that stand to benefit most from rising tourism include Alicante (the Port of Alicante expects to receive more than 100 ships carrying some 220 thousand tourists in 2024e). According to BBVA Research, GDP for Alicante is forecast to grow by 2.1% in 2023e and 1.9% in 2024e, outperforming Spain as a whole. Castellón is the only city that should see lower-than-average growth in the region.

Chart 22. Distribution by establishment type (2022)



Sources: Anuario de la Hostelería en España en 2022.

A mature, highly fragmented and low-margin industry…

The overall hospitality industry (including food service and accommodation) comprises 312 thousand establishments (-2.5% vs. 2020). Food services establishments (restaurants, cafés, bars) make up 87% of the total (274 thousand). Bars account for far and away the majority (over restaurants, caterers), with over 175 thousand in Spain, with a vast reach (i.e. one bar for every 270 residents).

Of these, 23% have no employees on staff (i.e. they are self-employed professionals) or only one. They represented 5% of turnover in 2021 (average turnover per establishment of EUR 67k). Companies with 0 to 9 employees accounted for 92% (turnover of c. EUR 150k per company). The remaining 8% (>10 employees) generated c.50% of total food service output in 2021 (average turnover of c. EUR 2Mn per company).

Chart 23. Companies structure

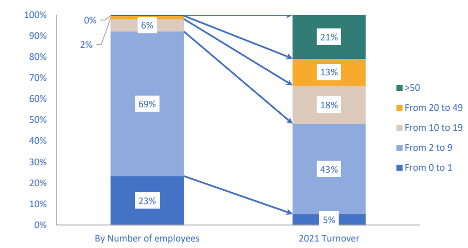
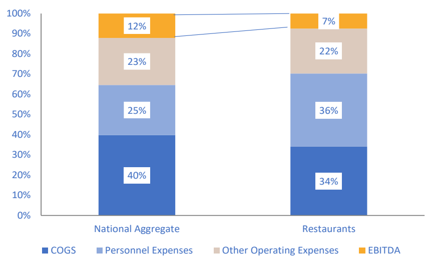


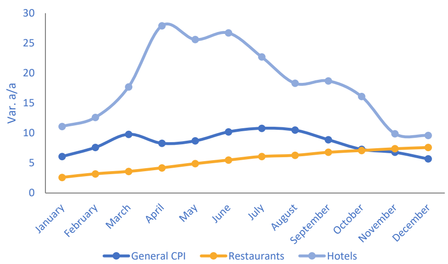
Chart 24. Profitability of the Hospitality Industry



Sources: INE y Spain's Balance Sheet Data Office, Centro Nacional de Balances del Banco de España.

According to Spain's Balance Sheet Data Office, despite the uneven distribution by size of business, the margins commanded in the food service industry have historically been lower than the overall national average. Personnel expenses as a percentage of total revenue is relatively higher than the Spanish average on aggregate (36% for food service establishments, +11 p.p. vs the total average for Spain). As a result, industry margins are thin, with an average EBITDA margin of 7% (nearly half the national total).

Chart 25. Monthly CPI (2022)



Sources: INE.

…affected by rising prices.

Prices started rising sharply in early 2021 as production came to a halt during Covid-19. Supply contracted in key sectors (due to scant demand during the worst months of the pandemic) which, coupled with the "rapid" rebound in global demand in 4Q20, sparked inflationary pressures. By September 2021, the international metals index had risen by 26%, the food index by 14%, and energy costs by 35%. Higher production costs fed through to the CPI with a reasonable lag time; i.e. the time between (i) an increase in costs, (ii) pressure on margins and (iii) the pass-through of prices on to the end customer.

When war broke out between Russia and Ukraine (February 2022) the situation became even worse, resulting in higher prices in Spain for energy (+27.9%) and commodities (+11.6%) in 2022. Food service establishments had little choice but to raise prices: by 5.5% in 2022. This still lagged Spain's general CPI, which rose by a cumulative 5.8% in 2022 (core inflation for the year was 7%). This has had a two-fold impact on food service businesses: i) higher turnover from the pass-through of increased prices despite a lower business volume and ii) narrower margins because of higher costs.

But what is the driving force behind the food service business?

We believe that visibility into the growth of industry in Spain over the next three years is moderate and contingent on the performance of the following four factors:

Chart 26. Spain KPIs (2022-2025e)

	2022	2023e	2024e	2025e
GDP (%)	5.5	2.3	1.8	2.0
Private Consumption (%)	4.4	0.7	2.2	2.0
HICP (%)	8.3	3.6	4.3	1.8
Number of Turists(Mn)	71.6	80.7	83.7	*n.a*

Sources: Bank of Spain, (Banco de España) and ING.

- **GDP and private consumption.** Bank of Spain forecasts point to a positive performance by GDP (with growth rates of 2% p.a. for the 2023e-2025e period), which should feed through to sector output (GAV). This would (theoretically) imply annual growth of c.5% for the hospitality sector (+3p.p. vs GDP using the base period 2016-2019).

- **Price trends.** Hikes in interest rates are designed to curb the inflation recorded in 2022 (+5.8%). Their impact should appear gradually, until the Spanish HICP (Harmonised Index of Consumer Prices) reaches c. 2% in 2025e (Bank of Spain).

- **Average saving/spending.** The household saving rate performed poorly from 2Q20 to 1Q23, when the trend reversed and growth outstripped the long-run average. This was due to two reasons: i) the increase in purchasing power (through wage inflation) and ii) the contraction in consumption. Savings and spending rates have an inverse relationship, with both shaped by consumers' future expectations.

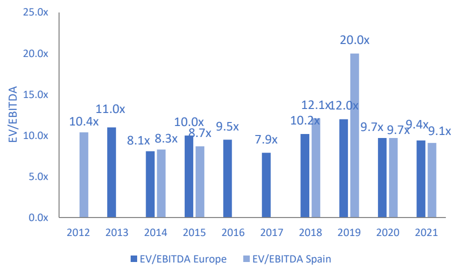
- **Tourism.** Spain looks set to remain one of the world's top tourism destinations (second only to France).

The market's fragmentation makes it ripe for M&A to become a growth driver

Prevailing uncertainty on top of high financing costs in 2022 has prompted companies to gear their efforts toward reining in costs, lessening their appetite for inorganic growth. In the hospitality sector, companies can scale up through M&A, broadening their reach and diversifying their product mix.

The number of M&A deals in Spain plunged by 15% in 2022, with significantly fewer large or mega deals. The average multiple (EV/EBITDA) in hospitality transactions in the US in 2022 was 11.5x. In Spain, the average multiple of deals carried out over the 2012-2022 period was 11.2x (9.1x in 2021).

Chart 27. Average EV/EBITDA for Restaurant Transactions (2023 vs 2022)



Sources: EY.

Table 3. Transactions (2020-2022)

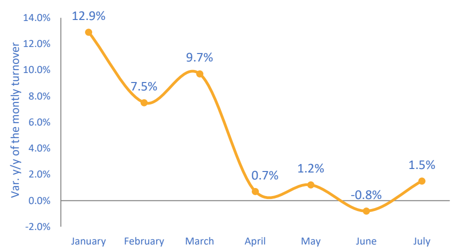
Year	Target	Country	Buyer	Price (EUR Mn)
2022	Good News	Spain	Pernod-Ricard	11
2022	Clif Bar & Company	USA	Mondelez International	2,753
2020	ÁREAS	Spain	Autogrill Iberia	12
2020	On Location Events	USA	Endeavor Group Holdings	590
2020	Productos Alimenticios Gallo	Spain	Ta-Tung Platos Precocinados	12
2020	Inspire Brands,	USA	Dunkin' Brands Group	9,597

Sources: EY.

In short, the hospitality sector is a mature and highly cyclical sector, but one that should continue to deliver moderate growth until 2025e with tailwinds from tourism, which is extremely strong in Spain. And even more so in Valencia.

Despite prevailing uncertainty (marked by inflation, wars and the economic slowdown), Spain's growth forecasts illustrate the country's resilience to potential recession in Europe. This leaves the hospitality sector poised to reach its target of surpassing 2019 levels in 2023e (Chart 28) and continue growing in the mid-single digits going forward. It is a key economic sector for Spain primarily because of:

Chart 28. Hospitality revenue evolution (2023 vs 2022)



Sources: INE.

- its high relative weight, contributing 6.4% of GDP in 2022 (2x the level in Germany), and ability to create jobs (1.7Mn workers, 8% of the total in 2022). Total sector turnover in 2022 was EUR 130Bn.

- its dependence on trends in certain factors, e.g. i) GDP, ii) tourism, iii) prices and iv) average per capita spending. Although visibility is dim at present, we are estimating overall growth for the industry, with a CAGR 2022-2025e of 5%.

- growth spread out across Spain, but especially concentrated along the Mediterranean coast, in the Balearic and Canary Islands, and Madrid. The Balearic and Canary Islands boast considerable weight in regional GDP and employment of 20% and c. 15%, respectively.

- the more than 312 thousand hospitality-related establishments in Spain (including accommodation and food services), of which 274 thousand are bars (i.e. 1 bar per 270 residents). Of these establishments, 50% are divided up among Andalusia, Madrid, Catalonia and Valencia, and 92% have fewer than 10 employees, with turnover representing c. 50% of total in Spain.

In a nutshell, this a mature and highly cyclical sector (we expect growth in the mid-single digits; i.e. CAGR 2022-2025e of 5%). New entrants wishing to penetrate the market (which already features a large number of players) will have to innovate and anticipate changes in consumer trends if they want to stand out from the pack. Even with its low barriers to entry, thin margins and seasonality, the hospitality sector is a vital component of the Spanish economy. Challenges facing the sector going forward include digitalising the service, embedding sustainability and overcoming the seasonality of tourism.

The sector's high fragmentation suggests that M&A will permanently be the growth driver, especially for the larger players (e.g. VANA). It is a structural growth driver. It also provides a means for leveraging the sector’s potential in areas with high exposure to tourism, e.g. Spain and, within the country, Valencia in particular. This is where VANA will concentrate 100% of its activity over the coming years.

The pace of openings will determine how successful the business model is. But the financing required will imply dilution…

Chart 29. Revenue growth (2022-2025e)

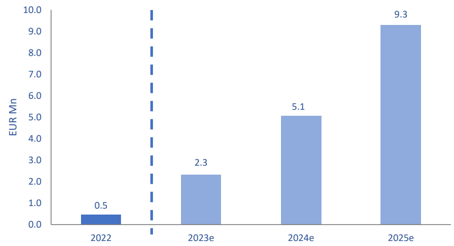


Chart 30. Revenue mix by location type (2022-2025e)

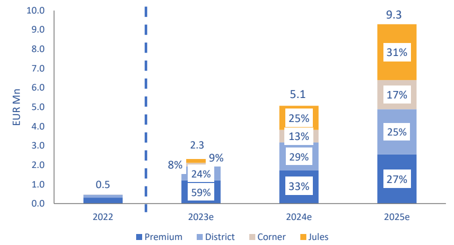
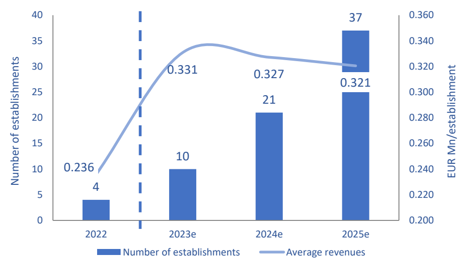


Chart 31. Average sales per establishment (2022-2025e)



VANA should be viewed as an early stage start-up (created in November 2021) in food service sector focused on healthy eating. The success of the business model will depend on the company's ability to scale up the business and, if so, how fast it can open new establishments and how well it manages overhead. It had four establishments at the end of 2022 -the first was opened in June 2022- generating some EUR 0.5Mn of revenue.

Earnings for 1H23 showed a sharp jump in revenue, to EUR 0.7Mn, driven by the company's aggressive strategy regarding new openings (10 in 1H23 vs four in 2022). In June 2023, the company acquired Le Fournil de Jules, a bakery with two premises (with full kitchens) in Alicante for EUR 0.6Mn.

However, the key takeaway from 1H23 was cost performance. Meanwhile, gross margin expanded by 3.6p.p. to 54.3% and we expect to see further improvement, to c.60% by year-end 2023e. OPEX (personnel and other operating expenses) fell further in proportion to revenue, but this ratio is still too high, making it less likely that the company will reach break-even at EBITDA level any time soon.

What we have seen until now begs the following questions: i) What is the business' capacity for organic growth? ii) Can the company boost its profitability and grow rapidly at the same time? iii) By when can we expect the company to reach break-even at recurring EBITDA level? and iv) How will it fund its growth?

A food service business with (presumably) plenty of room to grow, but this remains to be seen (revenue 2025e: EUR 9.3Mn; 4x 2023e)

Our model assumes strong growth in revenue (partly as a result of VANA's sluggish activity in 2022) over the 2022-2025e period (revenue 2025e c.4x 2023e; Chart 2). VANA's business is highly seasonal, with the bulk of its activity (60%-65%) concentrated in 2H, thanks to the summer season. In our opinion, growth will depend on two key factors:

- **The pace of new openings.** VANA's café network is its main business asset both quantitatively (gross revenue) and qualitatively (brand recognition). We estimate VANA will end 2023e with 10 establishments (the same number as in 1H23; +6 vs 2022). Our baseline scenario calls for faster openings over the forecast period: 2023e (+6 establishments year-on-year), 2024e (+11) and 2025e (+16).

Table 4. Theoretical revenue run rate by type of establishment (EUR thousand)

	Theoretical revenue per establishment (EUR)			
Establishment type	**2022**	**2023e**	**2024e**	**2025e**
Premium	756.0	**774.9**	794.2	814.1
District	321.1	**329.2**	337.4	345.8
Corner	169.4	**173.7**	178.0	182.5
Jules	325.0	**333.1**	341.5	350.0

Sources: DIM and own elaboration.

- **Average revenue per establishment.** We are forecasting annual growth of 2.5% in the peak run rate for revenue per establishment (impact of theoretical CPI below expected IPC for 2023e-2025e; -1p.p. vs Bank of Spain forecast). Average revenue per establishment is a key indicator for assessing returns.

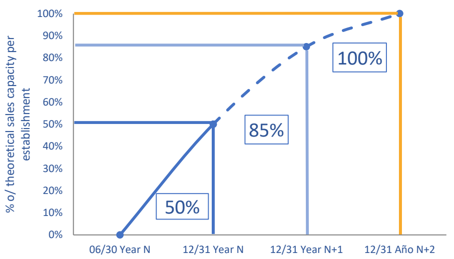
  We assume that new openings will contribute 50% of their peak run rate in their first year of operation and that it takes 18 from opening to reach their theoretical peak run rate. We think the current ramp-up stage, featuring a high pace of new openings (and a lower starting point), is likely to have an adverse impact on average revenue until after 2025e.

From 2025e onwards, trends in average revenue per establishment will be dictated primarily by: i) the number of new openings each year of each type of establishment (with the growing base diluting the impact) and ii) the intrinsic trend in average sales per establishment per year subject to both external (e.g. weather, private consumption, price trends) and internal (e.g. brand recognition, sales promotions, location) factors.

As a result, our baseline scenario for the 2023e-2025e period shows a considerable step-up in size. This would enable VANA to achieve revenue of up to EUR 9.3Mn in 2025e with 37 establishments open and average revenue per establishment of EUR 321k. This figure is acceptable in our opinion, but first the company will have to make the required investment to open enough establishments. Moreover, the Le Fournil de Jules acquisition paves the way for the company to continue with its inorganic growth strategy to scale up the business (faster).

Por tanto, el escenario central que planteamos para el período 2022-2025e se traduce en un importante salto en tamaño. Lo que debiera permitir a VANA alcanzar niveles de ingresos de EUR 9,3Mn en 2025e con 37 locales abiertos y un ingreso medio/local de EUR 321Miles. Consideramos esta cifra asumible, aunque condicionada a la materialización de la inversión necesaria para la apertura de los establecimientos necesarios. Además, la adquisición de "Le Fournil de Jules" abre la puerta a continuar con la estrategia de crecimiento inorgánico para escalar (más rápido) el negocio.

Chart 32. New Opening Sales Evolution



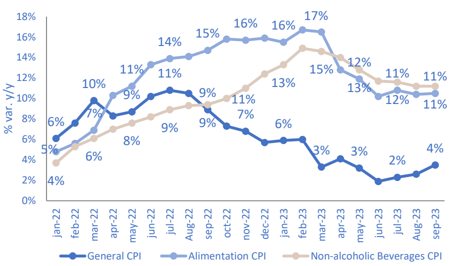
Source: INE

Table 5. Main KPIs (2022-2025e)

EUR Thousand	2022	2023e	2024e	2025e
Total Revenues	**471.6**	**2,315.6**	**5,071.4**	**9,294.7**
Var. (%)	*n.a.*	*391%*	*119%*	*83%*
Avg. Revenue/Establishment	235.8	330.8	327.2	320.5
Var. (%)	*n.a.*	*40%*	*-1%*	*-2%*
LFL (%)	*n.a.*	*91%*	*-38%*	*-20%*
Total Establishments	**4.0**	**10.0**	**21.0**	**37.0**
Network of establishments (Var. %)	*100.0%*	*150%*	*110%*	*76%*
Locales Premium	2	2	3	4
Locales District	1	4	6	9
Locales Corner	1	2	6	12
Locales Jules	0	2	6	12

Total average revenue per establishment looks set to decrease from 2023e for two reasons: i) the increasing number of openings to 2025e (which contribute 50% of peak revenue during the first year) and ii) the larger number of establishments with peak revenue below flagships/premium formats (target peak revenue of c. EUR 750k).

Chart 33. CPI evolution (Jan-2022-Sep-2023)

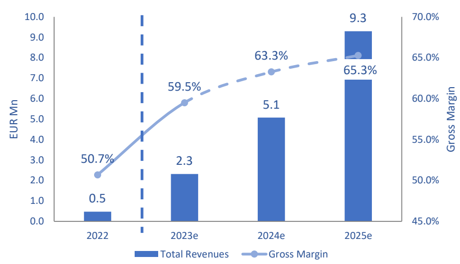


Sources: INE.

Meanwhile, LFL growth (which measures revenue per establishment without considering openings, closures or refurbishments) increases in the first full year of operations (2023), i.e. 12 complete months of activity (vs six months in 2022), before reaching its peak revenue run rate (over the 18-month period). From 2024e, there is a contraction in LFL revenue for two reasons: i) because the aggressive plan for opening establishments with a lower theoretical revenue run rate reduces average revenue per establishment, thereby affecting the base, and ii) we do not expect the establishments to reach their target revenue until 18 months after start-up of operations.

Our assumption is that all new establishments will be opened by 30 June, i.e. we assume that the six opened in 2023e will not reach their peak run rate until 2025e. Therefore, we expect opened establishments in 2023e to only reach 85% of their peak run rate in 2024e and 100% in 2025e (Chart 32). Thereafter, the larger base and shorter ramp-up time will reduce the impact on revenue of the bridge years.

Chart 34. Gross Margin (2022-2025e)



... but the inescapable increase in overhead will undermine operating performance and the ability to surpass break-even (unlikely until after 2025e)

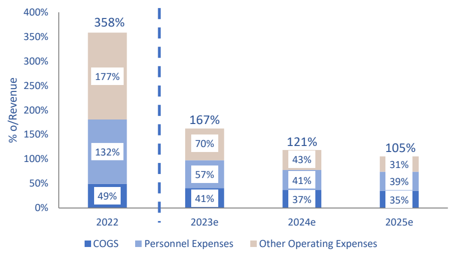
Food prices should normalise -this was already visible in 3Q23e (Chart 4)- and this should be one factor driving gross margin. Cost of sales comprises the cost of the food and beverages purchased for subsequent resale in the establishment. In our opinion, beyond strictly price, higher business volume should also benefit VANA (given its stronger bargaining power with suppliers), along with its ability to integrate vertically by investing in bakeries. For the 2023e-2025e period, we expect a steady improvement in gross margin to c. 65% (vs 50.7% in 2022 and an overall café chain average of c. 70%).

Below the gross profit line, overhead for VANA's business features a strong variable component. For 2023e, we are estimating increases in personnel expenses (with a 75% variable component) to EUR 1.3Mn (vs EUR 0.6Mn in 2022) and other operating expenses to EUR 1.6Mn (vs EUR 0.8Mn in 2022), which also has a strong variable component (but less so than personnel expenses). This leaves recurring EBITDA for 2023e still in the red, at EUR -1.6Mn.

Table 6. Key metrics in Lighthouse's financial projections (2022-2025e)

EUR Mn	2022	2023e	2024e	2025e
Total Revenues	**0.5**	**2.3**	**5.1**	**9.3**
Var. (%)	*n.a.*	*391.0%*	*119.0%*	*83.3%*
Gross Margin	**0.2**	**1.4**	**3.2**	**6.1**
Gross Margin/Revenues	*50.7%*	*59.5%*	*63.3%*	*65.3%*
Personnel expenses	-0.6	-1.3	-2.1	-3.6
Other operating expenses	-0.8	-1.6	-2.2	-2.9
Rec. EBITDA	**-1.2**	**-1.6**	**-1.1**	**-0.5**
Rec. Free Cash Flow	**-2.1**	**-2.1**	**-2.6**	**-2.5**
Net Financial Debt	**0.1**	**1.4**	**4.0**	**6.4**
Number of establishment at year-end	*4*	*10*	*21*	*37*
Average number of employees	*16*	*55*	*83*	*152*

Chart 35. Costs to Revenue Ratio (2022-2025e)



What about 2025e? As we see it, VANA business has plenty of room to deliver economies of scale. Higher average revenue per establishment should lower the OPEX-to-revenue ratio from 309% in its first year of operation, i.e. 2022 (Chart 35), to c.70% in 2025e. Even so, revenue growth will not be enough for the company to surpass break-even at recurring EBITDA level during the forecast period (EBITDA 2025e: EUR -0.5Mn). On our forecasts, the company will achieve revenue of around EUR 9.3Mn but it would need revenue to be at least c.EUR 12Mn for it to exceed break-even in recurring EBITDA.

Chart 36. Revenue vs EBITDA

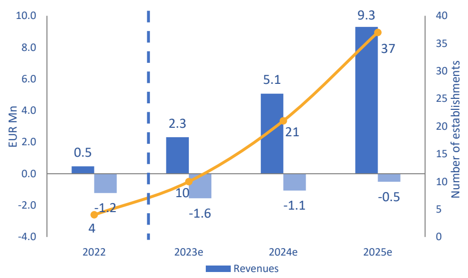


Table 7. Revenue and recurring EBITDA sensitivity (2025e)

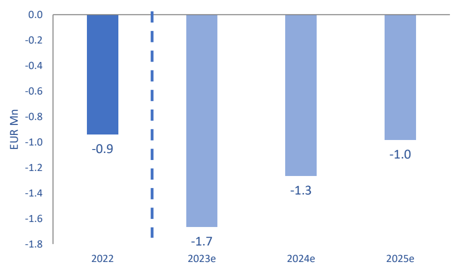
Avg. Revenue / establishment (EUR Thousand)	Revenues 2025e: Number of Establishments 30	37	45
0.300	7.7	8.8	9.9
0.321	8.2	9.3	10.6
0.346	8.8	10.1	11.4

Avg. Revenue / establishment (EUR Thousand)	Rec. EBITDA 2025e: Number of Establishments 30	37	45
0.300	(1.2)	(0.9)	(0.5)
0.321	(0.9)	(0.5)	(0.2)
0.346	(0.7)	(0.4)	0.0

VANA's business performance over the next two years will largely depend on two variables: average revenue per establishment and the number of establishments. Our baseline scenario calls for moderate growth in new openings and in average revenue per establishment. Assuming a larger number of openings (to 45 establishments by the end of 2025e vs 37 in the baseline scenario) and higher average revenue per establishment, our estimate would point to revenue of around EUR 11.4Mn. This would allow for break-even at EBITDA level in 2025e (vs EUR -0.5Mn for 2025e in our baseline scenario).

By contrast, taking a pessimistic scenario of lower growth in store openings compared to our original estimate (to 30 stores by year-end 2025e; -7 vs. the estimate in our baseline scenario) and keeping the average per establishment in our baseline scenario (EUR 320Mn), we would have EUR 8.2Mn of revenue. This would have an extremely adverse impact on EBITDA 2025e (EUR -0.9Mn), resulting in higher capital needs and debt.

Chart 37. Net profit (2022-2025e)



Visibility of our estimates is low as the business model depends heavily on the pace of new openings. And considering the stage of the company's business (in the midst of ramp-up), risks to our estimates are extremely high.

This implies a (lengthy) delay before the company becomes profit making.

The main items from EBITDA to net profit are: i) amortisation and depreciation, which we estimate at EUR 0.1Mn in 2023e (vs EUR 0.1Mn in 2022) before increasing to EUR 0.3Mn as the business expands and ii) finance costs, arising from the increase in debt, not to mention higher interest rates.

At the bottom line, this would leave a net loss for 2023e of EUR 1.7Mn (EUR -0.9Mn in 2022). On our estimates, the company will not be profit-making until after 2025e. Also, unless the company carries out any more rights issues, it would have negative equity from 2024e.

Based on our earnings estimates, the company will be able to claim annual tax assets of between EUR 0.1Mn and EUR 0.2Mn. This will benefit the tax rate once it surpasses break-even.

Expanding the business will require hefty CAPEX which, coupled with operating losses, will prevent the company from generative positive FCF in the medium term...

While cash flow will be generated via working capital (inherent in the business model), FCF will be affected by operating losses and CAPEX.

The company will have to invest heavily to execute its expansion plan. We estimate opening costs, by type of establishment, of: i) EUR 450k for premium, ii) EUR 185k for district, iii) EUR 65k for corners and iv) EUR 90k for Jules bakeries.

As a result, our baseline scenario doesn't show positive recurring FCF until after 2025e at the earliest. By then, VANA should secure a sufficiently high level of recurring EBITDA so it can reduce the cash it consumes to run the business.

Nevertheless, the trend in FCF will be highly sensitive to two factors: i) improvement in the company's margins and ii) CAPEX for the company's expansion. Meanwhile, payout is likely to remain at zero in the light of VANA's medium-/long-term financing needs.

Chart 38. Rec. EBITDA vs rec. FCF (2022-2025e)

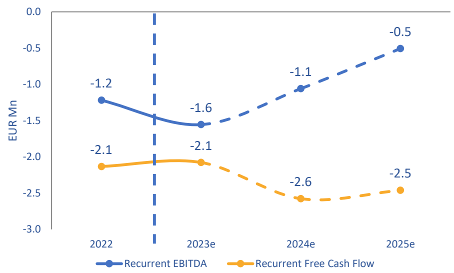
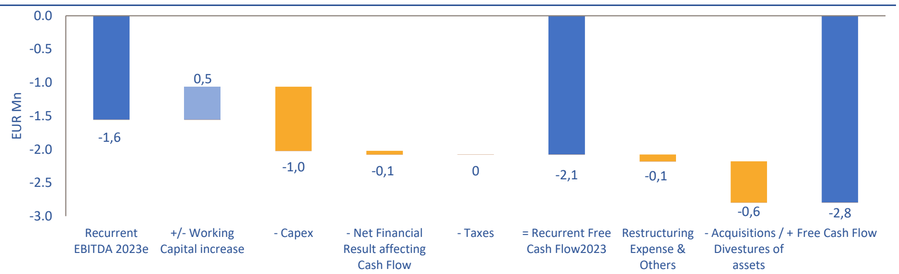


Chart 39. From recurring EBITDA to FCF 2023e

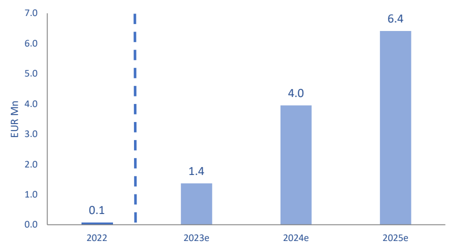


...and will cause debt to soar, with net debt 2025e reaching EUR 6.4Mn

Cash consumption in our baseline scenario implies a gradual increase in debt over the medium term. The impact will be mitigated partially by planned rights issues and the conversion of bonds under the agreement with GCFO 21.

At year-end 2022, VANA's net debt stood at EUR 0.1Mn (vs net cash of EUR 0.6Mn at year-end 2021). We are estimating annual cash consumption of EUR 2.6Mn, implying total cash needs of c. EUR 7Mn for the 2023e-2025e period, of which: i) EUR 3.2Mn would be earmarked to cover operating "cash consumption" (recurring EBITDA), ii) EUR 5Mn to CAPEX, and iii) EUR 0.6Mn to finance costs arising from the increase in debt. However, working capital changes will detract EUR 1.5Mn from the company's capital needs thanks to the gradual reduction in the average payment period to c. 90 days in 2025 (vs 170 days in 2022).

Chart 40. Net Debt (2022-2025e)



VANA has committed rights issues totalling EUR 10Mn via conversion of its financing with GCFO 21 as at the time of writing (for more information see Table 1 in the Business description section on page 9 of this report). The company's capital needs imply an increase in net debt to EUR 6.4Mn in 2025e (vs EUR 0.1Mn in 2022), illustrating the risk of future financing if additional rights issues are not carried out. As things stand now, this appears to be inevitable.

In conclusion: a chain of specialised cafés (healthy segment) offering equal levels of opportunities (brand building) and risk (dilution)

Our numbers for the next two years show a quantum leap in scale that will provide the (necessary) springboard for the company's stabilisation. Operating in a (food service) sector offering thin margins, we estimate that VANA will need to increase revenue to over EUR 12Mn to overcome its operating losses. Our estimates (2023e-2025e) hinge on:

- **Quantum leap in scale.** We estimate revenue of around EUR 9.3Mn in 2025e (vs EUR 0.5Mn in 2022). This growth will depend on: i) the pace of openings (we estimate a network of 37 cafés in 2025e vs 10 in 2023e), and ii) brand building capacity (which would shorten the time needed for establishment to reach their peak revenue run rate).

- **Steady margin expansion.** We expect gross margin to widen gradually and the weight of overhead to decrease, with the high variable component (inherent to VANA's business model and industry) still posing a challenge to exceeding break-even. We are estimating an EBITDA loss of EUR 0.5Mn in 2025e (vs a loss of EUR 1.2Mn in 2022).

- **Hefty cash needs.** The company's cash needs are high, basically because of the CAPEX required to deliver its expansion plan and the operating losses that will prevent it from generating recurring positive FCF until after 2025e. This should feed through to an increase in debt to EUR 6.4Mn in 2025e (but mitigated by the agreements regarding the convertible bonds and the committed rights issues, which will imply additional dilution.

The current snapshot is a of a start-up in the food services sector with a unique proposition ("healthy" segment) catering to customers' new preferences and of a company that enjoys strong growth prospects in our view. However, we believe it is exposed to three major risks: (i) operational (margins), (ii) commercial (brand building) and financial (raising capital via equity and additional dilution).

Our equity story hinges on two variables that at the same time pose the main risks to our model: i) raising the necessary financing to deliver the expansion plan, which prompts us to estimate major dilution for shareholders, and ii) level of execution of the expansion plan itself required to expand margins. Visibility of our estimates is low because of the reliance on the pace of new openings, so the performance of the business over the next few years, particularly in 2024e, will provide a key indicator.

In short, we are faced with a dichotomy. On the one hand, there is the opportunity to build a brand capable of attracting and retaining a broad customer base, thereby becoming a leader in Spain. On the other hand, there is a risk that the company will be unable to raise the financing it needs to expand its footprint, making it take longer to achieve the levels of profitability expected for the coming years. VANA can only boost its profitability by growing considerably through new openings (i.e. inorganic growth).

The company's success going forward will depend on its ability to translate growth into fast and tangible improvements in margins. Generating positive FCF sooner would significantly reduce the risk of equity financing and its potential dilutive effect. As with any start-up, VANA offers a combination of opportunities and risks. Its risks are mitigated by a business model that features clear strengths, e.g. a commitment to doing business locally (Alicante), helped by the area's high exposure to tourism. There is also the chance to broaden the model and capitalise on economies of scale with rapid margin expansion that, on paper, seems credible.

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value (1)
Free Cash Flow "To the Firm"	**(2.6)**	**(2.4)**	**(2.1)**	**n.a.**

			Best Case	Worst Case
Market Cap	**1.5**	At the date of this report		
Net financial debt	**1.6**	Debt net of Cash (6m Results 2023)		
Cost of Debt	6.0%	Net debt cost	5.8%	6.3%
Tax rate (T)	20.0%	T (Normalised tax rate)	=	=
Net debt cost	**4.8%**	**Kd = Cost of Net Debt * (1-T)**	**4.6%**	**5.0%**
Risk free rate (rf)	2.9%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	6.0%	R (own estimate)	5.5%	6.5%
Beta (B)	1.4	B (own estimate)	1.3	1.5
Cost of Equity	**11.3%**	**Ke = Rf + (R * B)**	**10.1%**	**12.7%**
Equity / (Equity + Net Debt)	47.5%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	52.5%	D	=	=
WACC	**7.9%**	**WACC = Kd * D + Ke * E**	**7.2%**	**8.6%**
G "Fair"	**2.0%**		**2.5%**	**1.5%**

(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 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
Amrest	EAT-PL	1,343.6	n.a.	n.a.	9.2	16.1%	1.1	8.0%	11.5%	n.a.	n.a.
Alsea	AlSEA-MX	2,730.6	22.7	30.9%	6.0	10.5%	1.2	9.2%	20.3%	7.9%	19.8%
Restaurant Brands	QSR-CA	30,942.9	22.6	9.1%	14.7	8.2%	5.4	5.6%	36.6%	3.6%	24.1%
Compass Group PLC	CPG-GB	41,873.4	28.1	13.6%	14.0	11.4%	1.3	7.0%	9.2%	5.0%	-6.9%
Food service chains			24.5	17.9%	11.0	11.6%	2.2	7.5%	19.4%	5.5%	12.3%
Starbucks	SBUX-US	98,106.2	26.4	15.4%	18.8	16.6%	3.6	10.1%	19.0%	3.4%	12.7%
Greegs	GRG-GB	3,099.8	21.6	10.8%	9.7	11.5%	1.6	10.3%	16.4%	0.5%	n.a.
Luckin Coffe	LKNCY-US	6,801.3	17.3	32.0%	n.a.	n.a.	1.9	32.7%	n.a.	n.a.	n.a.
Coffe Chains			21.8	19.4%	14.3	14.1%	2.4	17.7%	17.7%	1.9%	12.7%
VANA	VANA-ES	1.5	n.a.	31.1%	n.a.	44.7%	1.6	n.a.	n.a.	n.a.	6.2%

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	**-23.0%**	**(1.2)**	**n.a.**
Central	**-20.9%**	**(1.1)**	**n.a.**
Min	**-18.8%**	**(1.0)**	**n.a.**

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	30.7%	34.1%	37.5%
(1.2)	**(2.5)**	**(2.7)**	**(2.9)**
(1.1)	**(2.4)**	**(2.6)**	**(2.7)**
(1.0)	**(2.3)**	**(2.5)**	**(2.6)**

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 commercial risk:** the hospitality business in which VANA operates is very mature in Spain, making it harder to win over new customers (due to competition from traditional bars/traditional). VANA also has to compete with the large chains (Starbucks, Vips, Tahona, Panadería del Molino, etc.) which are well established and boast more competitive cost structures. As a result, growth could fall short of our estimates. If, for example, revenue growth in 2023e were to come in at EUR 2.0Mn vs EUR 2.3Mn in our baseline scenario (assuming the same gross margin and overhead), recurring EBITDA would be 18.8% lower than we are estimating in our initial baseline scenario.
2. **Sector cyclicality, particularly at a time when the economy is showing clear signs of slowing.** This risk factor is intrinsically related to VANA's reliance on the trend in consumer spending. The Bank of Spain recently reiterated its forecast for growth in Spain in 2023 of 2.3% (albeit raising its inflation forecast by 0.4pp to 3.6%) but trimmed its forecast for growth in 2024 by 0.4pp to 1.8%. Its revised estimates reflect, in part, the economic slowdown induced by the recent spate of rate increases (>+4pp since year-end 2022, the first spell of tightening since 2008) by the European Central Bank (ECB) in an attempt to curb inflation. In addition, the sector's performance is closely correlated to growth in consumption and will not be immune from the loss of household purchasing power caused by the prevailing inflation.
3. **Geographic concentration:** At the time of writing, VANA's business was concentrated exclusively in Alicante, Valencia, and will be until it opens new establishments. Region-specific issues could have an adverse impact on the company's business performance.
4. **Delays executing the growth plan:** Our financial model assumes an aggressive pace of new openings to bring the total number of establishments in operation to 37 already in 2025e (vs 10 at the time of writing). If the pace of new openings proves slower than forecast (e.g., 15 new establishments in 2024e vs 21 in our baseline scenario), our revenue estimate for 2024e would inevitably fall, to EUR 4.2Mn (-15% vs baseline scenario), eroding EBITDA by 29% compared to our baseline scenario.
5. **Increase in raw material prices:** In a traditionally low-margin business, weak consumer spending, coupled with inflation in food products, has forced the sector to put up prices. We are forecasting gross margin expansion to 59.5% in 2023e. A drop in the gross margin of 6pp in 2023, for example, would reduce EBITDA by 10% (EUR -1.7Mn).
6. **Low barriers to entry leave the company open to newcomers in an already highly competitive sector.** Low barriers to entry (the main one being finance) in VANA's business sector makes it easy for newcomers to join the fray relatively quickly, often offering novel products.
7. **Reputational risk:** this risk factor is intrinsic to the company's high exposure to the public. To an extent, the company's future performance will depend on feedback from its customers (reviews, word of mouth, etc.). The potential impairment of its corporate image (negative noise around its customer service or product) could dissuade customers (current or prospective) from coming to its establishments or consuming its products, with the attendant adverse impact on its P&L.
8. **Economies of scale will be key to eking out efficiency gains and higher margins.** Our estimates point to a reduction in fixed overhead, taking the total (personnel expenses + other operating expenses) to 127% of revenue in 2023e (vs 309% in 2022). If, for example, overhead were to remain at c.300% of revenue, our estimate for recurring EBITDA in 2023e would worsen to a loss of c.EUR 6Mn (vs our initial baseline estimate of EUR -1.6Mn).
9. **Dilution risk.** VANA has signed a EUR 10Mn financing agreement with GCFO 21 which involves the issuance of convertible bonds. VANA's growth plans are very capital intensive. If the company were to accelerate its growth or need more investment than initially contemplated, it would have to raise more capital. If so, the company could resort to issuing equity, further diluting its current shareholders.

A new board aligned with non-controlling shareholders

Salvador Martí and Vicente Terol founded VANA in 2021 and were joint and several directors until February 2023, when the board of directors was constituted. The are both currently core shareholders -chairman and deputy chairman of VANA's board of directors, respectively- and hold the executive positions of managing director and CEO, respectively. VANA has been listed on BME Growth since July 2023e. The key features of corporate governance at VANA are:

Table 8. Shareholder structure

Name	Direct	Indirect	Total
Salvador Martí Varó	5.3%	9.3%	14.6%
Vicente Terol San Román	6.9%	-	6.9%
Jorge San Estrada	4.3%	-	4.3%
Juan Alfonso Ortiz	3.6%	-	3.6%
Treasury stock	1.7%	-	1.7%
Free Float	69.0%	-	69.0%
TOTAL			100.0%

Note: Percentage shareholding at the date of this report considering tranches of convertible bonds already converted.

Table 9. Board of Directors

Name	Category	Date	%Capital[1]
Salvador Martí[1]	Propietary	2023	14.6%
Vicente Terol[1]	Propietary	2023	6.9%
Juan Alfonso Ortiz	Propietary	2023	3.6%
Ramón Villot	Independent	2023	0.0%
Fernando Orteso	Independent	2023	0.0%
Total			25.1%

Note 1: Percentage of share capital including direct and indirect ownership interest.
Note 2: In addition to their status as proprietary directors, Salvador Martí and Vicente Terol also perform executive duties as chairman of the board and managing director, and as director and CEO, respectively.
Note 3: At the date of this report considering tranches of convertible bonds already converted.

- **A new board with high exposure to the share price…** The board of directors was constituted in February 2023e. The company has no "pure" executive directors (i.e. without any shareholding). The board is now made up of five directors after Pablo Reig (chairman of the audit committee) stepped down in September 2023e, of whom three are proprietary (two executive, see Table 9) and two are independent.

  The board controls, directly and indirectly, 25% of VANA's shares. This would appear to imply that they are aligned with the interests of non-controlling shareholders. The maximum tenure for directors according to the bylaws is six years. Directorships may be renewed for equal periods of six years and there are no limits to the number of terms a director can serve.

  As at the date of this report, a general meeting had been called for 27 December. Proposals for the agenda include the appointments of Fernando García Beato, Luis Bautista Cespedosa and Manuel Rodriguez Martín as new members of the board.

- **…and independent committees.** Independent directors' share of the board stands at 40% (down from 50% previously before Pablo Reig's departure in October 2023). They also make up 66.7% of the members of the audit, control and compliance, and the appointments and remuneration committees.

- **Director and senior management remuneration.** According to the bylaws, directors are entitled to receive a fixed annual amount of between EUR 99k and EUR 100k. In 2023, the board approved total maximum director remuneration of EUR 108k. The company has no agreements with directors and/or key management personnel regarding: i) share-based payment schemes, share options or any remuneration tied to the share price; or ii) guarantee or golden parachute clauses in the event of termination of their contracts or employment or a change of control of the company.

  Board members performing additional executive duties (Salvador Martí and Vicente Terol) receive, in addition to the remuneration agreed for their status as such, remuneration for management and executive services of EUR 10k per month for each (in 2022, the total amount considering both contracts was EUR 240k; 38.7% of personnel expenses and c.50% of revenue for the year).

- **We doubt any dividend will be paid over the medium term.** The company has not made any explicit commitment to pay dividends. The business is geared towards delivering the company's expansion plan and cementing its presence in Spain. Accordingly, we expect a pay-out of 0% for at least the next three years.

- **There is no explicit diversity policy.** The company has no female directors and no member of the management committee is a woman.

- **Related party balances and transactions.** At year-end 2022, the main item consisted of loans granted to C.F. Intercity (in which Salvador Martí has a >2% stake, is CEO and chairman of the board, while he is also a member of the board of Fundación Lucentum, which had a c.16% stake in the company as at 31 December 2023) for EUR 150k.

- **Significant exposure to risk of conflict of interest.** Four of VANA's five board members potentially have a conflict of interest with the company. Salvador Martí is chairman of the board and shareholder of C.F. Intercity and co-founder and, until 2021, chairman of Facephi Biometría, in which he now has a 5% stake).

  Three board members: Juan Alfonso Ortiz (proprietary), Ramon Villot (independent) and Fernando Orteso (independent) are shareholders of C.F. Intercity (and the latter two are also members of that company's board). Juan Alfonso Ortiz and Fernando Orteso are also shareholders and directors of Facephi Biometría.

- **Convertible bonds and new shareholders**: In June 2023e, the company entered into a financing agreement with Global Corporate Finance Opportunities 21 ("GCFO 21") for up to EUR 10Mn. The funds are divided up into one tranche of EUR 2Mn and 32 tranches of EUR 250k, with maturity in 2028e (VANA is not required to draw the full amount of the financing). As at the date of this report, the board had approved the conversion of EUR 0.3Mn of bonds. Full conversion of this facility has already resulted in 31% dilution and will imply further dilution for shareholders (according to our baseline scenario) of 85% going forward (for more information see table 1 in the Business description section on page 9 of this report)

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Intangible assets				-	0.3	0.1	0.1	0.1
Fixed assets				-	1.0	2.6	4.1	6.1
Other Non Current Assets				0.0	0.4	0.6	0.7	0.8
Financial Investments				0.0	0.2	0.2	0.2	0.2
Goodwill & Other Intangilbles				-	-	-	-	-
Current assets				0.0	0.4	0.5	0.6	0.7
Total assets				**0.1**	**2.3**	**4.0**	**5.8**	**7.9**
Equity				0.0	0.6	0.5	(0.8)	(1.8)
Minority Interests				-	-	-	-	-
Provisions & Other L/T Liabilities				0.6	0.7	0.7	0.7	0.7
Other Non Current Liabilities				-	-	-	-	-
Net financial debt				(0.6)	0.1	1.4	4.0	6.4
Current Liabilities				0.0	0.8	1.4	1.9	2.6
Equity & Total Liabilities				**0.1**	**2.3**	**4.0**	**5.8**	**7.9**

									CAGR	
P&L (EUR Mn)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023e**	**2024e**	**2025e**	**18-22**	**22-25e**
Total Revenues				**-**	**0.5**	**2.3**	**5.1**	**9.3**	***n.a.***	***n.a.***
Total Revenues growth				*n.a.*	*n.a.*	*391.0%*	*119.0%*	*83.3%*		
COGS				-	(0.2)	(0.9)	(1.9)	(3.2)		
Gross Margin				**-**	**0.2**	**1.4**	**3.2**	**6.1**	***n.a.***	***n.a.***
Gross Margin/Revenues				*n.a.*	*50.7%*	*59.5%*	*63.3%*	*65.3%*		
Personnel Expenses				-	(0.6)	(1.3)	(2.1)	(3.6)		
Other Operating Expenses				(0.1)	(0.8)	(1.6)	(2.2)	(2.9)		
Recurrent EBITDA				**(0.1)**	**(1.2)**	**(1.6)**	**(1.1)**	**(0.5)**	***n.a.***	***25.4%***
Recurrent EBITDA growth				*n.a.*	*n.a.*	*-27.6%*	*31.8%*	*52.3%*		
Rec. EBITDA/Revenues				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Restructuring Expense & Other non-rec.				-	-	(0.1)	-	-		
EBITDA				**(0.1)**	**(1.2)**	**(1.7)**	**(1.1)**	**(0.5)**	***n.a.***	***25.4%***
Depreciation & Provisions				-	(0.1)	(0.1)	(0.2)	(0.3)		
Capitalized Expense				-	-	-	-	-		
Rentals (IFRS 16 impact)				-	-	-	-	-		
EBIT				**(0.1)**	**(1.3)**	**(1.8)**	**(1.2)**	**(0.8)**	***n.a.***	***15.6%***
EBIT growth				*n.a.*	*n.a.*	*-40.2%*	*31.2%*	*37.7%*		
EBIT/Revenues				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Impact of Goodwill & Others				-	-	-	-	-		
Net Financial Result				-	(0.0)	(0.1)	(0.2)	(0.3)		
Income by the Equity Method				-	-	-	-	-		
Ordinary Profit				**(0.1)**	**(1.3)**	**(1.9)**	**(1.4)**	**(1.1)**	***n.a.***	***5.2%***
Ordinary Profit Growth				*n.a.*	*n.a.*	*-44.2%*	*24.0%*	*22.4%*		
Extraordinary Results				-	-	-	-	-		
Profit Before Tax				**(0.1)**	**(1.3)**	**(1.9)**	**(1.4)**	**(1.1)**	***n.a.***	***5.2%***
Tax Expense				0.0	0.3	0.2	0.1	0.1		
Effective Tax Rate				*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Minority Interests				-	-	-	-	-		
Discontinued Activities				-	-	-	-	-		
Net Profit				**(0.0)**	**(0.9)**	**(1.7)**	**(1.3)**	**(1.0)**	***n.a.***	***-1.6%***
Net Profit growth				*n.a.*	*n.a.*	*-77.6%*	*24.0%*	*22.4%*		
Ordinary Net Profit				**(0.1)**	**(1.3)**	**(1.8)**	**(1.4)**	**(1.1)**	***n.a.***	***5.2%***
Ordinary Net Profit growth				*n.a.*	*n.a.*	*-36.4%*	*19.6%*	*22.4%*		

									CAGR	
Cash Flow (EUR Mn)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023e**	**2024e**	**2025e**	**18-22**	**22-25e**
Recurrent EBITDA						**(1.6)**	**(1.1)**	**(0.5)**	***n.a.***	***25.4%***
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						0.5	0.4	0.6		
Recurrent Operating Cash Flow						**-1.1**	**-0.7**	**0.1**	***n.a.***	***28.3%***
CAPEX						(1.0)	(1.7)	(2.2)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.2)	(0.3)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						**(2.1)**	**(2.6)**	**(2.5)**	***n.a.***	***-4.9%***
Restructuring Expense & Other non-rec.						(0.1)	-	-		
- Acquisitions / + Divestures of assets						(0.6)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**(2.8)**	**(2.6)**	**(2.5)**	***n.a.***	***-6.3%***
Capital Increase						1.5	-	-		
Dividends						-	-	-		
Net Debt Variation						**1.3**	**2.6**	**2.5**		

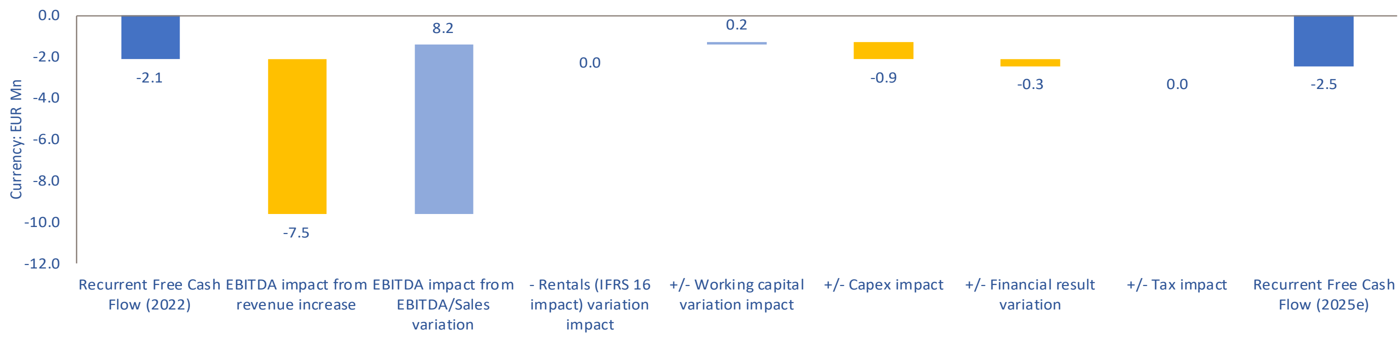
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 19-22	CAGR 22-25e
Recurrent EBITDA			**(0.1)**	**(1.2)**	**(1.6)**	**(1.1)**	**(0.5)**	*n.a.*	*25.4%*
Recurrent EBITDA growth			*n.a.*	*n.a.*	*-27.6%*	*31.8%*	*52.3%*		
Rec. EBITDA/Revenues			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.0)	0.4	0.5	0.4	0.6		
= Recurrent Operating Cash Flow			**(0.1)**	**(0.8)**	**(1.1)**	**(0.7)**	**0.1**	*n.a.*	*28.3%*
Rec. Operating Cash Flow growth			*n.a.*	*n.a.*	*-36.6%*	*36.2%*	*112.8%*		
Rec. Operating Cash Flow / Sales			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*0.9%*		
- CAPEX			-	(1.4)	(1.0)	(1.7)	(2.2)		
- Net Financial Result affecting Cash Flow			-	(0.0)	(0.1)	(0.2)	(0.3)		
- Taxes			-	-	-	-	-		
= Recurrent Free Cash Flow			**(0.1)**	**(2.1)**	**(2.1)**	**(2.6)**	**(2.5)**	*n.a.*	*-4.9%*
Rec. Free Cash Flow growth			*n.a.*	*n.a.*	*2.6%*	*-24.0%*	*4.5%*		
Rec. Free Cash Flow / Revenues			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
- Restructuring expenses & others			-	-	(0.1)	-	-		
- Acquisitions / + Divestments			-	-	(0.6)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			0.6	0.1	-	-	-		
= Free Cash Flow			**0.6**	**(2.0)**	**(2.8)**	**(2.6)**	**(2.5)**	*n.a.*	*-6.3%*
Free Cash Flow growth			*n.a.*	*-450.5%*	*-36.5%*	*7.8%*	*4.5%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Free Cash Flow Yield (s/Mkt Cap)			*39.7%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		

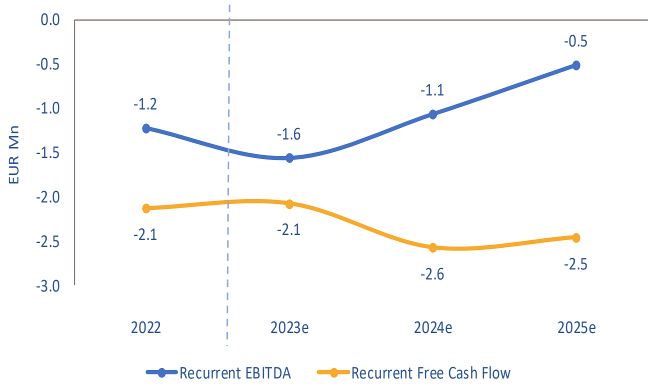
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2019	2020	2021	2022	2023e	2024e	2025e
Recurrent FCF(FY - 1)			**-**	**(0.1)**	**(2.1)**	**(2.1)**	**(2.6)**
EBITDA impact from revenue increase			n.a.	n.a.	(4.8)	(1.9)	(0.9)
EBITDA impact from EBITDA/Sales variation			n.a.	n.a.	4.4	2.3	1.4
= Recurrent EBITDA variation			**n.a.**	**n.a.**	**(0.3)**	**0.5**	**0.6**
- Rentals (IFRS 16 impact) variation impact			-	-	-	-	-
+/- Working capital variation impact			(0.0)	0.5	0.1	(0.1)	0.2
= Recurrent Operating Cash Flow variation			**(0.0)**	**0.5**	**(0.3)**	**0.4**	**0.8**
+/- CAPEX impact			-	(1.4)	0.4	(0.8)	(0.5)
+/- Financial result variation			-	(0.0)	(0.1)	(0.1)	(0.2)
+/- Tax impact			-	-	-	-	-
= Recurrent Free Cash Flow variation			**(0.0)**	**(0.9)**	**0.1**	**(0.5)**	**0.1**
Recurrent Free Cash Flow			**(0.0)**	**(1.0)**	**(2.1)**	**(2.6)**	**(2.5)**

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)**	**(1.3)**	**(1.8)**	**(1.2)**	**(0.8)**	*n.a.*	*15.6%*
** Theoretical Tax rate*			*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		
= Taxes (pre- Net Financial Result)			-	-	-	-	-		
Recurrent EBITDA			**(0.1)**	**(1.2)**	**(1.6)**	**(1.1)**	**(0.5)**	*n.a.*	*25.4%*
- Rentals (IFRS 16 impact)			-	-	-	-	-		
+/- Working Capital increase			(0.0)	0.4	0.5	0.4	0.6		
= Recurrent Operating Cash Flow			**(0.1)**	**(0.8)**	**(1.1)**	**(0.7)**	**0.1**	*n.a.*	*28.3%*
- CAPEX			-	(1.4)	(1.0)	(1.7)	(2.2)		
- Taxes (pre- Financial Result)			-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)			**(0.1)**	**(2.1)**	**(2.0)**	**(2.4)**	**(2.1)**	*n.a.*	*-0.1%*
Rec. Free Cash Flow (To the Firm) growth			*n.a.*	*n.a.*	*5.1%*	*-18.9%*	*11.1%*		
Rec. Free Cash Flow (To the Firm) / Revenues			n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments			-	-	(0.6)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow			0.6	0.1	-	-	-		
= Free Cash Flow "To the Firm"			**0.6**	**(2.0)**	**(2.6)**	**(2.4)**	**(2.1)**	*n.a.*	*-1.5%*
Free Cash Flow (To the Firm) growth			*n.a.*	*-450.1%*	*-29.0%*	*8.9%*	*11.1%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)			*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Free Cash Flow "To the Firm" - Yield (o/EV)			*16.2%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	1.5	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	0.7	6m Results 2023
+ Net financial debt	1.6	6m Results 2023
- Financial Investments	0.2	6m Results 2023
+/- Others		
Enterprise Value (EV)	**3.6**	

Appendix 4. Main peers 2023e

		Food service chains					Coffe Chains				
	EUR Mn	**Amrest**	**Alsea**	**Restaurant Brands**	**Compass Group PLC**	**Average**	**Starbucks**	**Greegs**	**Luckin Coffe**	**Average**	**VANA**
Market data	**Ticker (Factset)**	EAT-PL	AISEA-MX	QSR-CA	CPG-GB		SBUX-US	GRG-GB	LKNCY-US		VANA-ES
	Country	Spain	Mexico	Canada	UK		USA	UK	China		Spain
	Market cap	1,343.6	2,730.6	30,942.9	41,873.4		98,106.2	3,099.8	6,801.3		1.5
	Enterprise value (EV)	2,644.3	4,944.8	34,998.4	45,901.1		116,927.7	3,265.7	6,335.5		3.6
Basic financial information	**Total Revenues**	2,492.0	4,066.5	6,524.6	35,817.9		32,762.6	2,057.7	3,251.6		2.3
	Total Revenues growth	*-4.6%*	*10.6%*	*12.6%*	*21.6%*	*10.1%*	*11.6%*	*17.8%*	*80.7%*	*36.7%*	*391.0%*
	2y CAGR (2023e - 2025e)	*8.0%*	*9.2%*	*5.6%*	*7.0%*	*7.5%*	*10.1%*	*10.3%*	*32.7%*	*17.7%*	*n.a.*
	EBITDA	286.5	826.1	2,388.5	3,286.5		6,219.3	336.7	n.a.		(1.7)
	EBITDA growth	*-27.2%*	*-8.0%*	*20.9%*	*24.6%*	*2.6%*	*-6.6%*	*7.2%*	*n.a.*	*0.3%*	*-35.8%*
	2y CAGR (2023e - 2025e)	*16.1%*	*10.5%*	*8.2%*	*11.4%*	*11.6%*	*16.6%*	*11.5%*	*n.a.*	*14.1%*	*44.7%*
	EBITDA/Revenues	*11.5%*	*20.3%*	*36.6%*	*9.2%*	*19.4%*	*19.0%*	*16.4%*	*n.a.*	*17.7%*	*n.a.*
	EBIT	106.7	393.4	2,062.2	2,270.6		4,897.6	197.5	464.3		(1.8)
	EBIT growth	*-12.5%*	*-19.2%*	*14.1%*	*34.4%*	*4.2%*	*25.6%*	*9.3%*	*130.4%*	*55.1%*	*-40.2%*
	2y CAGR (2023e - 2025e)	*34.7%*	*14.6%*	*9.1%*	*14.6%*	*18.3%*	*19.3%*	*11.4%*	*40.5%*	*23.7%*	*34.5%*
	EBIT/Revenues	*4.3%*	*9.7%*	*31.6%*	*6.3%*	*13.0%*	*14.9%*	*9.6%*	*14.3%*	*12.9%*	*n.a.*
	Net Profit	39.4	121.0	1,377.6	1,516.8		3,758.6	147.0	414.3		(1.7)
	Net Profit growth	*n.a.*	*32.8%*	*53.5%*	*18.1%*	*34.8%*	*25.7%*	*5.9%*	*527.1%*	*186.2%*	*-77.6%*
	2y CAGR (2023e - 2025e)	*64.5%*	*32.2%*	*8.0%*	*17.1%*	*30.5%*	*14.4%*	*9.7%*	*35.4%*	*19.8%*	*23.2%*
	CAPEX/Sales %	*7.4%*	*6.8%*	*1.6%*	*2.9%*	*4.7%*	*6.5%*	*11.6%*	*3.3%*	*7.1%*	*41.5%*
	Free Cash Flow	(13.5)	216.9	1,118.0	2,089.4		3,349.1	14.9	n.a.		(2.8)
	Net financial debt	877.5	1,530.7	10,878.1	4,008.0		18,815.1	181.2	n.a.		1.4
	ND/EBITDA (x)	3.1	1.9	4.6	1.2	2.7	3.0	0.5	n.a.	1.8	n.a.
	Pay-out	*0.0%*	*2.0%*	*45.9%*	*41.8%*	*22.4%*	*55.6%*	*49.9%*	*n.a.*	*52.7%*	*0.0%*
Multiples and Ratios	**P/E (x)**	n.a.	22.7	22.6	28.1	24.5	26.4	21.6	17.3	21.8	n.a.
	P/BV (x)	n.a.	5.2	7.6	7.1	6.6	n.a.	5.3	n.a.	5.3	3.1
	EV/Revenues (x)	1.1	1.2	5.4	1.3	2.2	3.6	1.6	1.9	2.4	1.6
	EV/EBITDA (x)	9.2	6.0	14.7	14.0	11.0	18.8	9.7	n.a.	14.3	n.a.
	EV/EBIT (x)	24.8	12.6	17.0	20.2	18.6	23.9	16.5	13.6	18.0	n.a.
	ROE	*n.a.*	*22.7*	*33.8*	*23.9*	*26.8*	*n.a.*	*24.7*	*n.a.*	*24.7*	*n.a.*
	FCF Yield (%)	*n.a.*	*7.9*	*3.6*	*5.0*	*5.5*	*3.4*	*0.5*	*n.a.*	*1.9*	*n.a.*
	DPS	*0.00*	*0.00*	*2.06*	*0.36*	*0.61*	*1.82*	*0.72*	*n.a.*	*1.27*	*0.00*
	Dvd Yield	*0.0%*	*0.1%*	*3.0%*	*1.5%*	*1.1%*	*2.1%*	*2.4%*	*n.a.*	*2.2%*	*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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21-Dec-2023	n.a.	0.196	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas