

**EQUITY - SPAIN**  
 Sector: Electrical Equipment

 Closing price: EUR 1.77 (1 Aug 2023)  
 Report date: 2 Aug 2023 (09:00h)

**6m 2023 Preliminary results**  
 Independent Equity Research

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 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

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**Endurance Motive (END)**, is a small Spanish company based in Valencia, created in 2018 and specialised in the development and sale of electricity storage systems using lithium-ion batteries for sustainable mobility. The sectors in which the company operates are: i) industrial, ii) marine and iii) urban mobility. The company's founders control 59% of total shares.

## 1H23 earnings: good and in line. In range both revenue (with strong growth) and margins

**Market Data**

Market Cap (Mn EUR and USD)	16.2	17.8
EV (Mn EUR and USD) <sup>(2)</sup>	19.8	21.8
Shares Outstanding (Mn)	9.2	
-12m (Max/Med/Min EUR)	3.44 / 2.16 / 1.62	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(3)</sup>	30.1	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

Carlos Navarro	32.1
Andrés Muelas	27.0
Free Float	40.9

**Financials (Mn EUR)**

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	8.8	9.2	9.2	9.2
Total Revenues	6.1	8.8	11.9	14.4
Rec. EBITDA	-2.4	-1.3	-0.4	0.7
% growth	-42.1	44.2	68.4	268.4
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	5.0
% Inc. EBITDA sector <sup>(4)</sup>	-3.7	22.5	25.0	15.7
Net Profit	-1.9	-1.2	-0.4	0.6
EPS (EUR)	-0.22	-0.13	-0.04	0.06
% growth	6.9	38.4	67.9	247.1
Ord. EPS (EUR)	-0.26	-0.13	-0.04	0.06
% growth	-12.7	47.6	67.9	247.1
Rec. Free Cash Flow <sup>(5)</sup>	-3.8	-2.3	-1.5	-0.2
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	3.8	5.3	6.7	6.9
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	9.6
ROE (%)	n.a.	n.a.	134.9	n.a.
ROCE (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	14.4

**Ratios & Multiples (x)<sup>(6)</sup>**

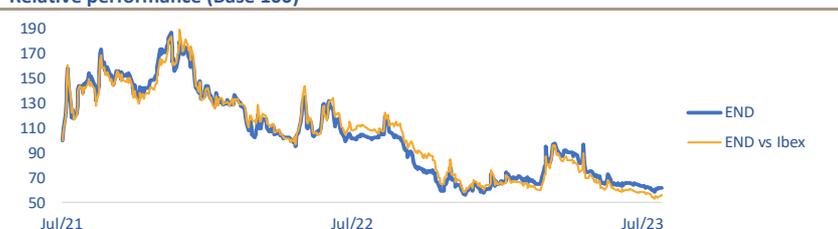
	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	n.a.	27.9
Ord. P/E	n.a.	n.a.	n.a.	27.9
P/BV	14.3	n.a.	n.a.	n.a.
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.27	2.24	1.67	1.38
EV/Rec. EBITDA	n.a.	n.a.	n.a.	27.7
EV/EBIT	n.a.	n.a.	n.a.	21.2
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	n.a.	n.a.

**STRONG GROWTH IN REVENUE (+55.3% VS 1H22)...** END showcased its ability to grow (overcoming the supply crisis that hurt its 1H22 performance), obtaining revenue of EUR 4Mn (+55% vs 1H22; in line with our estimates). The order backlog at 1 August 2023 (including amounts invoiced in 1H) stood at EUR 8.5Mn, of which c. 31% is from outside Spain, adding visibility to our estimates (c.100% of revenue in 2023e)

**...ALONG WITH A (CONSIDERABLE/EXPECTED) IMPROVEMENT IN MARGINS.** In the first four months of the year, the price of lithium cells, which are the main component of END's batteries (c.60% of the total cost), fell by c.50% (hurt from the end of subsidies in China for e-vehicle purchases, which was curtailed demand and pushed prices down), driving a sharp jump in gross margin in 1H23 to 34% (+11.8p.p. vs 1H22). However, END's product prices were unchanged. Even so, that was not enough to sustain overhead and kept EBITDA in 1H23 below break-even (EUR -0.6Mn; in line with our estimates).

**VIRTUALLY ALL FINANCING RAISED IS THROUGH CONVERTIBLE BONDS.** YTD, the company has issued EUR 123 thousand of new shares worth EUR 0.2Mn. By year-end, we expect c. EUR 1.5Mn of bonds to be converted (at a price of EUR 1.75/share, implying potential dilution for shareholders of 4%).

**IS END GAINING MOMENTUM?** END's business appears to be gaining momentum, confirming its ability to grow revenue (>40% in the past two half-year periods) and with considerable margin expansion (despite still being below break-even). The question (and the thesis of its equity story) is whether the company can continue to deliver margin expansion and prevent this from being a one-off improvement. The three key factors to shore up gross margin >35% are: i) improvements in production process, ii) achievement of economies of scale and iii) control over operating costs. Could this herald a paradigm shift, enabling END to surpass break-even as early as in 2024e? END is currently trading at an EV/sales multiple of 2.2x. The financing is still the business model's main drawback.

**Relative performance (Base 100)**


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.1	-17.5	-39.6	-15.6	n.a.	n.a.
vs Ibxex 35	-4.2	-19.8	-48.6	-26.9	n.a.	n.a.
vs Ibxex Small Cap Index	-5.6	-20.0	-43.3	-25.2	n.a.	n.a.
vs Eurostoxx 50	-5.3	-18.4	-49.2	-27.3	n.a.	n.a.
vs Sector benchmark <sup>(4)</sup>	-4.1	-18.4	-49.8	-27.6	n.a.	n.a.

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

(2) Please refer to Appendix 3.

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

(4) Sector: Europe Electrical Products.

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

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

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

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

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## Endurance Motive (END) is a BME Growth company

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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).

## 6m 2023 Preliminary results

### 6m 2023 Preliminary results

END has released preliminary 1H23 earnings, providing a breakdown of the main (unaudited) P&L items (excluding balance sheet figures). Audited 1H23 figures will be released in October 2023 (when we can confirm preliminary data).

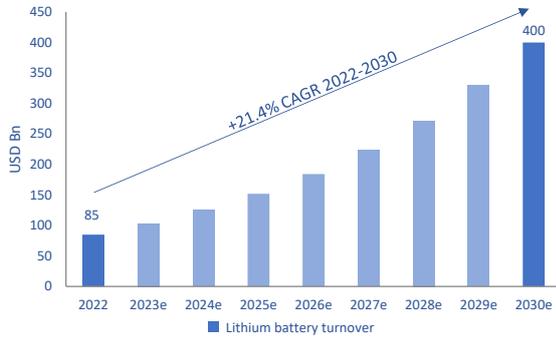
EUR Mn	6m23	6m22	6m23 vs 6m22	2023e	2023e Real vs 2022
<b>Total Revenues</b>	<b>4.0</b>	<b>2.6</b>	<b>55.3%</b>	<b>8.8</b>	<b>45.9%</b>
<b>Recurrent EBITDA<sup>(1)</sup></b>	<b>-0.6</b>	<b>-1.1</b>	<b>49.4%</b>	<b>-1.3</b>	<b>44.2%</b>
<i>Rec. EBITDA/Revenues</i>	<i>-14.3%</i>	<i>-44.0%</i>	<i>29.7 p.p.</i>	<i>-15.2%</i>	<i>24.6 p.p.</i>
<b>EBITDA<sup>(1)</sup></b>	<b>-0.6</b>	<b>-1.3</b>	<b>55.0%</b>	<b>-1.3</b>	<b>35.1%</b>
<i>EBITDA/Revenues</i>	<i>-14.3%</i>	<i>-49.5%</i>	<i>35.1 p.p.</i>	<i>-15.2%</i>	<i>19.0 p.p.</i>
<b>EBIT</b>	<b>-0.5</b>	<b>-1.1</b>	<b>56.2%</b>	<b>-1.0</b>	<b>43.4%</b>
Client orders as of August <sup>(2)</sup>	8.5	n.a.	n.a.	n.a.	n.a.

Note<sup>(1)</sup>: Recurrent EBITDA y EBITDA adjusted to strip out the impact of: i) “Work carried out by the group on its assets”, “impairments” and “others” for EUR 0.3Mn y EUR 0.4Mn en 1H23 y 1H22.

Note<sup>(2)</sup>: Client orders include the amount invoiced at the time of publication.

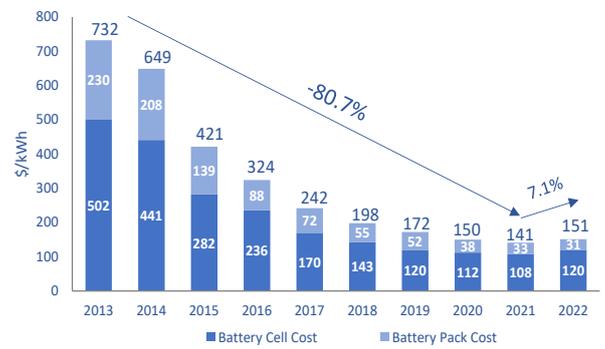
The company in 8 charts

Lithium batteries: In full growth stage...



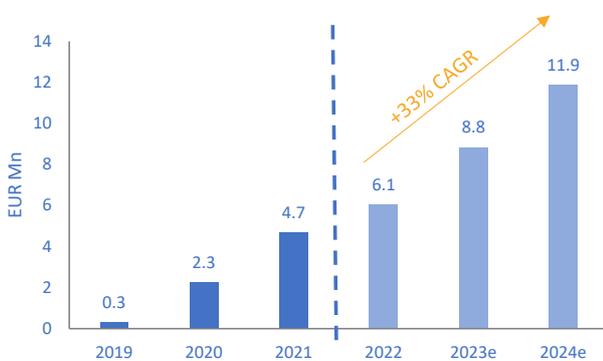
Sources: BNEF (BloombergNEF)

... and increasingly affordable (driving demand)

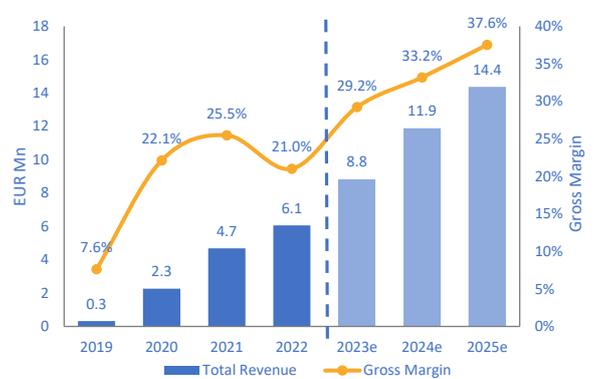


Fuentes: BNEF (BloombergNEF)

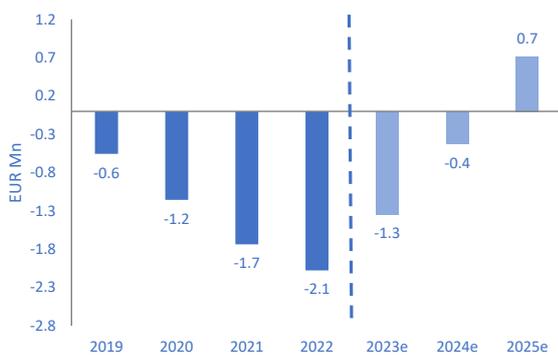
END: Well positioned to accelerate growth...



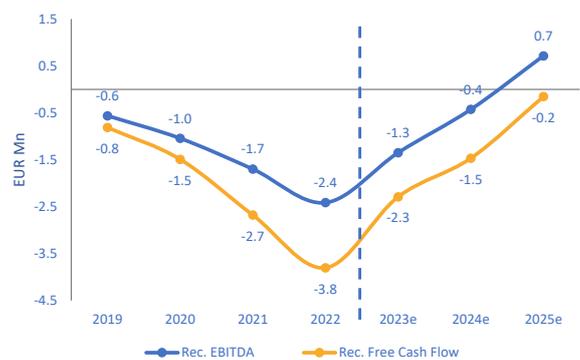
... and ability to improve the gross margin (still below 30%)



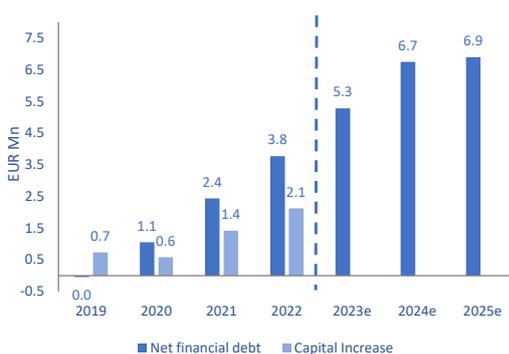
Although break-even in EBITDA will not be possible until, at least, 2025e



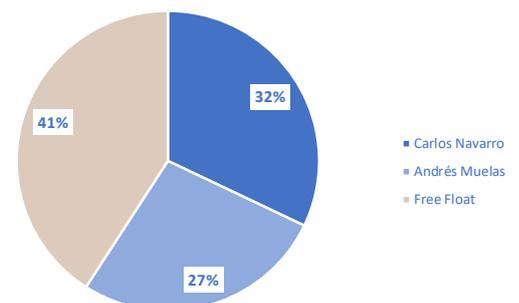
That will result in high cash consumption



This will increase the DN to EUR 6.9Mn in 2025e...



C. 59% of capital is held by the founders



## Valuation inputs

### Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(1.3)	(1.1)	0.2	n.a.		
Market Cap	16.2	At the date of this report				
Net financial debt	3.8	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	$K_d = \text{Cost of Net Debt} * (1-T)$			3.8%	4.2%
Risk free rate (rf)	3.6%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.8%	$K_e = R_f + (R * B)$			9.6%	12.0%
Equity / (Equity + Net Debt)	81.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	18.9%	D			=	=
WACC	9.5%	$WACC = K_d * D + K_e * E$			8.5%	10.5%
G "Fair"	2.0%				2.5%	2.0%

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

### Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 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
Varta AG	VAR1-DE	866.5	n.a.	51.3%	29.1	75.9%	1.7	9.4%	5.8%	n.a.	n.a.
Enersys	ENS-US	4,024.5	14.1	12.8%	10.2	n.a.	1.3	n.a.	12.9%	4.8%	n.a.
Fluence	FLNC-US	4,611.9	n.a.	94.8%	n.a.	n.a.	1.6	36.6%	n.a.	n.a.	92.6%
Ilika	IKA-GB	82.2	n.a.	0.6%	n.a.	-2.2%	n.a.	38.0%	n.a.	n.a.	7.8%
Flux Power Holdings, Inc.	FLUX-US	79.7	n.a.	83.8%	n.a.	n.a.	1.5	30.9%	n.a.	n.a.	76.2%
Lithium batteries			14.1	39.9%	19.6	36.9%	1.5	28.0%	9.3%	4.8%	50.2%
END	END-ES	16.2	n.a.	57.2%	n.a.	59.1%	2.2	27.5%	n.a.	n.a.	68.4%

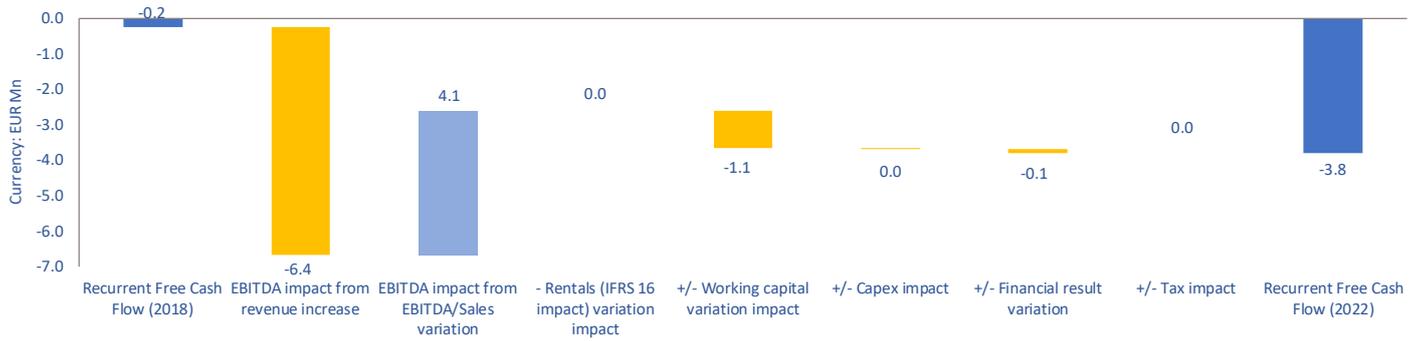
## Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.1	0.2	0.6	1.2	1.6	0.8	0.8	0.8		
Fixed assets	0.0	0.0	0.1	0.1	0.1	0.6	1.0	1.4		
Other Non Current Assets	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3		
Financial Investments	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	0.2	0.4	1.5	3.1	4.5	5.8	7.0	7.8		
<b>Total assets</b>	<b>0.3</b>	<b>0.9</b>	<b>2.7</b>	<b>4.9</b>	<b>6.7</b>	<b>7.6</b>	<b>9.3</b>	<b>10.5</b>		
Equity	0.5	0.9	0.9	0.9	1.1	(0.1)	(0.5)	0.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	-	-	-	-	-	-		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	(0.2)	(0.0)	1.1	2.4	3.8	5.3	6.7	6.9		
Current Liabilities	0.0	0.1	0.8	1.6	1.8	2.5	3.1	3.5		
<b>Equity &amp; Total Liabilities</b>	<b>0.3</b>	<b>0.9</b>	<b>2.7</b>	<b>4.9</b>	<b>6.7</b>	<b>7.6</b>	<b>9.3</b>	<b>10.5</b>		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
<b>Total Revenues</b>	<b>0.0</b>	<b>0.3</b>	<b>2.3</b>	<b>4.7</b>	<b>6.1</b>	<b>8.8</b>	<b>11.9</b>	<b>14.4</b>	<b>63.7%</b>	<b>33.3%</b>
Total Revenues growth	n.a.	n.a.	613.8%	107.3%	29.3%	45.9%	34.4%	20.9%		
COGS	(0.0)	(0.3)	(1.8)	(3.5)	(4.8)	(6.3)	(7.9)	(9.0)		
<b>Gross Margin</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.5</b>	<b>1.2</b>	<b>1.3</b>	<b>2.6</b>	<b>3.9</b>	<b>5.4</b>	<b>59.5%</b>	<b>61.8%</b>
Gross Margin/Revenues	n.a.	7.6%	22.1%	25.5%	21.0%	29.2%	33.2%	37.6%		
Personnel Expenses	(0.0)	(0.2)	(0.8)	(1.7)	(2.2)	(2.3)	(2.4)	(2.5)		
Other Operating Expenses	-	(0.4)	(0.7)	(1.2)	(1.5)	(1.6)	(2.0)	(2.2)		
<b>Recurrent EBITDA</b>	<b>(0.0)</b>	<b>(0.6)</b>	<b>(1.0)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>0.7</b>	<b>-52.2%</b>	<b>31.9%</b>
Recurrent EBITDA growth	n.a.	n.a.	-85.9%	-62.9%	-42.1%	44.2%	68.4%	268.4%		
Rec. EBITDA/Revenues	n.a.	5.0%								
Restructuring Expense & Other non-rec.	(0.0)	0.0	(0.1)	(0.0)	0.3	-	-	-		
<b>EBITDA</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>(1.2)</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>0.7</b>	<b>-34.0%</b>	<b>32.9%</b>
Depreciation & Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)		
Capitalized Expense	0.1	0.1	0.5	0.6	0.6	0.7	0.7	0.6		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
<b>EBIT</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>0.9</b>	<b>-54.1%</b>	<b>36.4%</b>
EBIT growth	n.a.	n.a.	-51.3%	-73.4%	-37.0%	43.4%	92.3%	n.a.		
EBIT/Revenues	n.a.	6.5%								
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(1.3)</b>	<b>(1.9)</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>0.6</b>	<b>-58.4%</b>	<b>32.0%</b>
Ordinary Profit Growth	n.a.	n.a.	-54.8%	-73.5%	-44.7%	35.9%	67.9%	247.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(1.3)</b>	<b>(1.9)</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>0.6</b>	<b>-58.4%</b>	<b>32.0%</b>
Tax Expense	0.0	0.1	0.2	-	-	-	-	-		
Effective Tax Rate	n.a.									
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>0.0</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(1.3)</b>	<b>(1.9)</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>0.6</b>	<b>-82.7%</b>	<b>32.0%</b>
Net Profit growth	n.a.	n.a.	-54.8%	-130.6%	-44.7%	35.9%	67.9%	247.1%		
<b>Ordinary Net Profit</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>(1.3)</b>	<b>(2.3)</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>0.6</b>	<b>-86.3%</b>	<b>31.2%</b>
Ordinary Net Profit growth	n.a.	n.a.	-30.4%	-98.1%	-75.2%	45.5%	67.9%	247.1%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
<b>Recurrent EBITDA</b>						<b>(1.3)</b>	<b>(0.4)</b>	<b>0.7</b>	<b>-52.2%</b>	<b>31.9%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.6)	(0.6)	(0.4)		
<b>Recurrent Operating Cash Flow</b>						<b>-2.0</b>	<b>-1.0</b>	<b>0.3</b>	<b>-61.0%</b>	<b>28.0%</b>
CAPEX						(0.1)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.3)	(0.4)		
Tax Expense						-	-	-		
<b>Recurrent Free Cash Flow</b>						<b>(2.3)</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>-59.8%</b>	<b>65.9%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						0.8	-	-		
<b>Free Cash Flow</b>						<b>(1.5)</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>-47.0%</b>	<b>64.8%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>1.5</b>	<b>1.5</b>	<b>0.2</b>		

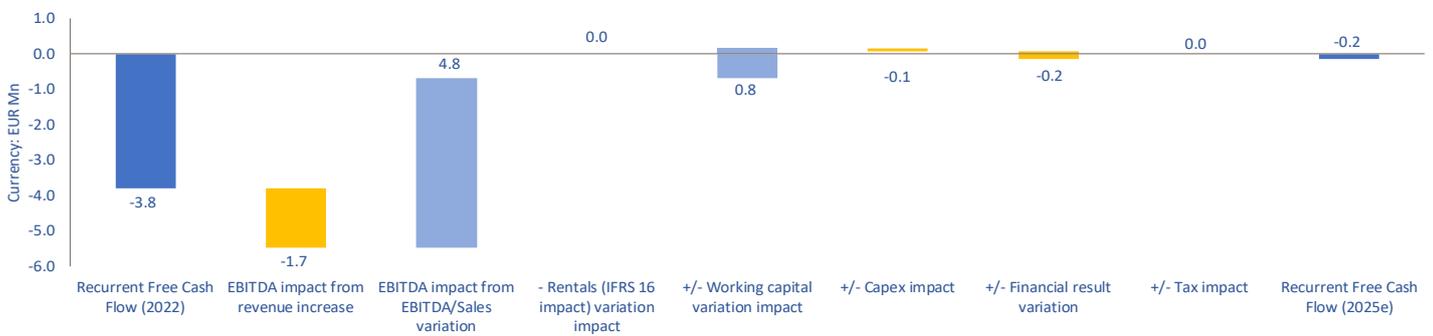
## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-62.7%	31.9%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	-85.9%	-62.9%	-42.1%	44.2%	68.4%	268.4%		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.0%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>(2.5)</b>	<b>(3.6)</b>	<b>(2.0)</b>	<b>(1.0)</b>	<b>0.3</b>	<b>-68.0%</b>	<b>28.0%</b>
<i>Rec. Operating Cash Flow growth</i>	-273.2%	-83.0%	-79.2%	-44.7%	45.9%	47.4%	133.8%		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.4%		
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.4)		
- Taxes	-	-	-	-	-	-	-		
<b>= Recurrent Free Cash Flow</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.7)</b>	<b>(3.8)</b>	<b>(2.3)</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>-67.5%</b>	<b>65.9%</b>
<i>Rec. Free Cash Flow growth</i>	-262.6%	-83.9%	-79.8%	-42.0%	39.8%	36.0%	89.7%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>								
- Restructuring expenses & others	0.0	(0.1)	(0.0)	0.3	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
<b>= Free Cash Flow</b>	<b>(0.8)</b>	<b>(1.6)</b>	<b>(2.7)</b>	<b>(3.5)</b>	<b>(1.5)</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>-62.7%</b>	<b>64.8%</b>
<i>Free Cash Flow growth</i>	-256.3%	-99.1%	-69.4%	-27.6%	56.4%	2.9%	89.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>								
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>								
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>Recurrent FCF(FY - 1)</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.7)</b>	<b>(3.8)</b>	<b>(2.3)</b>	<b>(1.5)</b>		
EBITDA impact from revenue increase	(1.4)	(3.4)	(1.1)	(0.5)	(1.1)	(0.5)	(0.1)		
EBITDA impact from EBITDA/Sales variation	0.9	3.0	0.5	(0.2)	2.2	1.4	1.2		
<b>= Recurrent EBITDA variation</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>1.1</b>	<b>0.9</b>	<b>1.1</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.0)	(0.2)	(0.5)	(0.4)	0.6	0.0	0.2		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>1.7</b>	<b>0.9</b>	<b>1.4</b>		
+/- CAPEX impact	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)		
+/- Tax impact	-	-	-	-	-	-	-		
<b>= Recurrent Free Cash Flow variation</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>1.5</b>	<b>0.8</b>	<b>1.3</b>		
<b>Recurrent Free Cash Flow</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.7)</b>	<b>(3.8)</b>	<b>(2.3)</b>	<b>(1.5)</b>	<b>(0.2)</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>0.9</b>	<b>-53.2%</b>	<b>36.4%</b>
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
<b>Recurrent EBITDA</b>	<b>(0.6)</b>	<b>(1.0)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>0.7</b>	<b>-62.7%</b>	<b>31.9%</b>
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>(2.5)</b>	<b>(3.6)</b>	<b>(2.0)</b>	<b>(1.0)</b>	<b>0.3</b>	<b>-68.0%</b>	<b>28.0%</b>
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.6)</b>	<b>(3.7)</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>0.2</b>	<b>-66.3%</b>	<b>27.2%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-267.9%	-82.2%	-80.5%	-39.9%	44.4%	43.9%	118.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.4%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.6)</b>	<b>(3.7)</b>	<b>(1.3)</b>	<b>(1.1)</b>	<b>0.2</b>	<b>-66.3%</b>	<b>27.2%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-267.9%	-82.2%	-80.5%	-39.9%	65.6%	9.4%	118.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.0%		

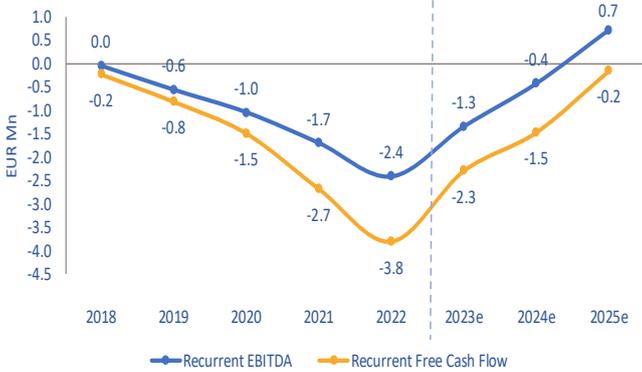
**Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)**



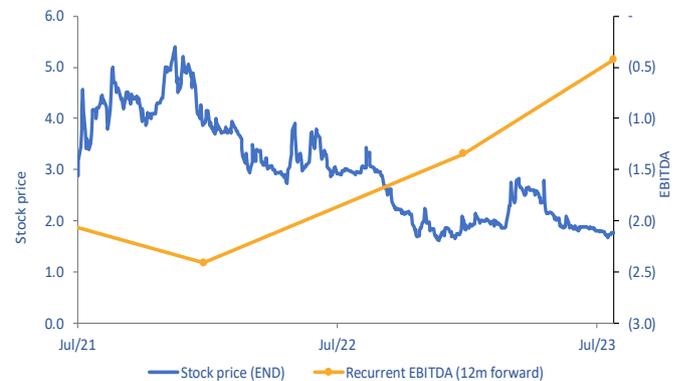
**Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)**



**Recurrent EBITDA vs Recurrent Free Cash Flow**



**Stock performance vs EBITDA 12m forward**



**Appendix 3. EV breakdown at the date of this report**

	EUR Mn	Source
Market Cap	16.2	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	-	12m Results 2022
+ Net financial debt	3.8	12m Results 2022
- Financial Investments	0.1	12m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>19.8</b>	

## Appendix 4. Main peers 2023e

		Lithium batteries						
	EUR Mn	Varta AG	Enersys	Fluence	Ilika	Flux Power Holdings, Inc.	Average	END
Market data	Ticker (Factset)	VAR1-DE	ENS-US	FLNC-US	IKA-GB	FLUX-US		END-ES
	Country	Germany	USA	USA	UK	USA		Spain
	Market cap	866.5	4,024.5	4,611.9	82.2	79.7		16.2
	Enterprise value (EV)	1,376.0	4,769.2	2,894.2	64.5	91.5		19.8
Basic financial information	Total Revenues	820.4	3,609.0	1,774.3	2.4	60.9		8.8
	Total Revenues growth	1.7%	6.8%	62.5%	6104.2%	57.8%	1543.8%	45.9%
	2y CAGR (2023e - 2025e)	9.4%	n.a.	36.6%	38.0%	30.9%	28.0%	27.5%
	EBITDA	47.3	466.1	(85.2)	(7.0)	(3.6)		(1.3)
	EBITDA growth	78.3%	31.8%	n.a.	n.a.	72.3%	55.1%	35.1%
	2y CAGR (2023e - 2025e)	75.9%	n.a.	n.a.	-2.2%	n.a.	36.9%	59.1%
	EBITDA/Revenues	5.8%	12.9%	n.a.	n.a.	n.a.	9.3%	n.a.
	EBIT	(53.6)	372.3	(128.7)	(8.4)	(4.8)		(1.0)
	EBIT growth	34.7%	37.6%	n.a.	n.a.	65.8%	36.1%	43.4%
	2y CAGR (2023e - 2025e)	69.7%	n.a.	86.1%	-2.5%	n.a.	51.1%	71.8%
	EBIT/Revenues	n.a.	10.3%	n.a.	n.a.	n.a.	10.3%	n.a.
	Net Profit	(69.2)	261.2	(116.1)	(7.0)	(6.0)		(1.2)
	Net Profit growth	65.5%	63.1%	n.a.	n.a.	57.6%	64.3%	35.9%
	2y CAGR (2023e - 2025e)	50.5%	n.a.	88.4%	0.2%	83.1%	46.4%	57.2%
	CAPEX/Sales %	11.4%	3.1%	0.3%	n.a.	1.3%	4.9%	1.0%
Free Cash Flow	(15.8)	194.1	(90.4)	(8.3)	(6.1)		(1.5)	
Net financial debt	501.6	n.a.	(328.2)	(8.0)	n.a.		5.3	
ND/EBITDA (x)	10.6	n.a.	n.a.	n.a.	n.a.	10.6	n.a.	
Pay-out	0.0%	10.0%	0.0%	0.0%	n.a.	2.5%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	14.1	n.a.	n.a.	n.a.	14.1	n.a.
	P/BV (x)	3.7	2.4	13.1	4.0	n.a.	5.8	n.a.
	EV/Revenues (x)	1.7	1.3	1.6	n.a.	1.5	1.5	2.2
	EV/EBITDA (x)	29.1	10.2	n.a.	n.a.	n.a.	19.6	n.a.
	EV/EBIT (x)	n.a.	12.8	n.a.	n.a.	n.a.	12.8	n.a.
	ROE	n.a.	17.1	n.a.	n.a.	n.a.	17.1	n.a.
	FCF Yield (%)	n.a.	4.8	n.a.	n.a.	n.a.	4.8	n.a.
	DPS	0.00	0.64	0.00	0.00	n.a.	0.16	0.00
Dvd Yield	0.0%	0.6%	0.0%	0.0%	n.a.	0.2%	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).

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Aug-2023	n.a.	1.76	n.a.	n.a.	6m 2023 Preliminary results	Luis Esteban Arribas
12-Jun-2023	n.a.	1.84	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
27-Apr-2023	n.a.	2.35	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas
27-Oct-2022	n.a.	1.83	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
26-Apr-2022	n.a.	2.84	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas

