Lleida.net BUY

Strong bottom line, driven by margin expansion

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lleida.net has reported a 2Q25 97% increase in Profits b/Tax to €296k, driven by margin expansion. A flat Sales growth of €4.8 million, a Gross Profit increase of 9% to €2.7 million and a 1% decline in Cash Opex, were behind the reported quarterly Ebitda (cash) to €0.7 million, up by 53%.

The core Contracting and Notification divisions rose by 15% and 22% this quarter, but the overall sales growth of the SaaS division was dragged to flat growth by the 39% drop in Other SaaS.

The headline SMS divisions sales were flat on the quarter at €2.9 million, although the higher margin SMS solutions rose 14% and the lower margin ICX dropped 8%.

Net Financial Debt has been reported at €6,3 million vs €9.6 million in 2Q24, a 35% decline. The Net Debt/Cash Ebitda (LTM) stands now at 2.1x, when a year ago the LTM Cash Ebitda stood at -€74k which may have raised concern with investors. No longer.

Price Target and Valuation

LLN is now trading on 2025 and 2026 EV/Ebitda (cash) multiples of 7x and 5x, respectively, in our view not consistent with the valuation multiples of a growth company.

Even if we use the Last 12-months Ebitda (cash) of €3 million, the EV/Ebitda multiple stands at 9x which is still undervalued by comparables and historical standards.

We maintain our 12-18-month price target at €4.00, which would place the stock at a 2026 EV/Ebitda (cash) multiple of 14x.

Equities

BME Growth

Price (5pm 28/7/25): €1,29
RIC: LLN.MC
Target Price (12-18 m): €4.00

52-Wk range (€):	1.36 - 0.96
Cap. Bur. (€ millones):	21,3
No. Shares (millions):	16,05
Avg. daily Vol. (€,12m):	58k
Daily volatility (avg. LTM):	5.1%

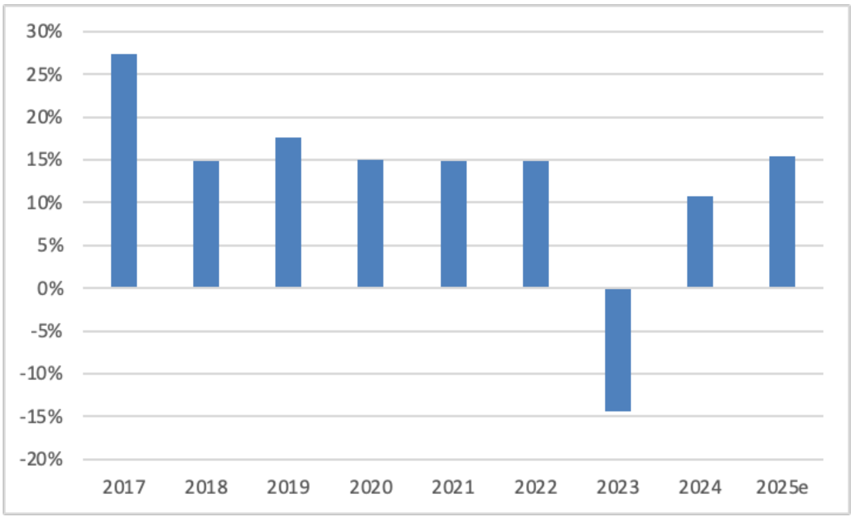
Price Chart (12 months)

(€ millions)	2023	2024	2025e	2026e
Turnover	16,6	19,1	21,0	23,0
Ebitda	**-1,2**	**2,1**	**3,7**	**4,3**
Net Profit	-2,7	0,9	2,3	3,0
EPS	**-0,17**	**0,06**	**0,14**	**0,18**
Net Debt	**9,5**	**7,4**	**4,5**	**0,6**
EV/Sales	1,8	1,5	1,2	0,9
EV/Ebitda	**-25,1**	**13,1**	**6,9**	**4,9**
P/E	-7,8	23,5	9,1	7,0
CFY	-7%	9%	15%	17%

The company continues on a growth path…

Lleida net has delivered Gross Profit growth over the years, at an average of 15%, excluding its *Annus Hornbills* of 2023. With no capital increases since its IPO in 2015, it has managed almost to triple its Gross Profit over the past ten years. The record is a good one, and this 2Q25 growth of 9% is just slightly below the trend (1Q25 at 18% growth was just slightly over the trend). Taking both 1Q25 and 2Q25 quarters together, Gross Profit growth was 14%, in line with trend growth.

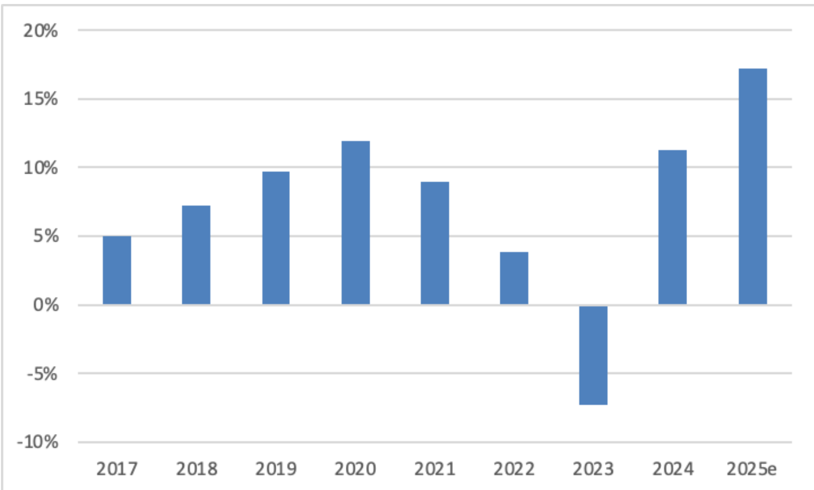
Gross Profit Growth 2017-2025e



Source: Checkpoint

The Ebitda (cash) margin evolution has been a positive one as well, contributing to a 7.5x increase in Ebitda (cash) since the reported €0,5 million in 2017 (and 30x since the €0,1 million reported in 2016). This 2Q25, the margin was 14% versus 9% in 2Q24, which has contributed to a 53% increase in Ebitda (cash).

Ebitda (cash) Margin 2017-2025e



Source: Checkpoint

Both the long-term trends and the reported 2Q25 numbers point towards a robust Profit before Tax growth of 97%, which in our view is the most relevant metric of them all. We continue to see a positive outlook and therefore maintain our earnings forecasts unchanged, following these 2Q25 results.

… yet, it remains the most attractively valued stock in our ICT Small Cap universe

	Price Last (€)	Mkt Cap million (€)	Performance 1m (%)	3m (%)	12m (%)	Liquidity Yr Tr Vol / Mkt C. (%)	EV / Sales (x)	EV / Ebitda (x)	Price/ Earnings (x)
480	17,60	49	**1%**	**36%**	**52%**	6%	1,5	**14,7**	18,8
Agile Content	2,04	48	**-12%**	**-18%**	**-40%**	9%	0,7	**10,7**	neg.
Altia	6,40	446	**2%**	**19%**	**36%**	1%	1,7	**16,5**	23,0
Amper	0,15	325	**-3%**	**5%**	**57%**	123%	0,6	**15,4**	22,8
Catenon	1,25	24	**-3%**	**56%**	**26%**	32%	1,6	**9,6**	12,5
FacePhi	2,50	65	**-6%**	**7%**	**48%**	26%	1,6	**neg.**	neg.
Gigas	5,60	70	**-3%**	**-7%**	**-17%**	8%	1,2	**5,5**	31,4
Izertis	10,20	297	**11%**	**13%**	**-4%**	4%	1,9	**13,6**	53,4
Lleida.net	1,29	21	**12%**	**8%**	**8%**	43%	1,2	**6,7**	7,9
Llorente y Cuenca	10,60	125	**17%**	**35%**	**12%**	3%	1,5	**14,4**	16,0
Making Science	9,10	83	**2%**	**2%**	**14%**	7%	0,4	**7,8**	0,0
Sngular	2,96	161	**17%**	**44%**	**-4%**	5%	1,3	**13,5**	22,0
ICT Sector (Small Caps)		**1.714**					**1,3**	**11,7**	**20,8**

Source: Checkpoint

Lleida net is currently trading on a 12-month forward Ebitda (cash) multiple of 6.7x, which compares to a sector average of 11.7x and a discount of 47%.

We expect 2025 Ebitda growth of 25% in our universe to an estimated €136 million, whilst for Lleida net we expect 75% growth in Ebitda. Lleida net compares better in terms of operating earnings growth relative to its market peers.

In our view, there is no justification for such a large discount and we expect the gap to narrow over the coming months.

Lleida.net

Profit and Loss Account by Quarter: 2023, 2024, and 2025

(€ 000´)	2Q23	2Q24	2Q25	24/23 (%)	25/24 (%)
Contracting	*856*	*784*	*904*	*-8*	*15*
Notification	*374*	*525*	*643*	*40*	*22*
Other SaaS	*716*	*649*	*397*	*-9*	*-39*
Software Services	1.946	1.958	1.944	1	-1
SMS Solutions	867	1.008	1.148	16	14
ICX	1.230	1.897	1.752	54	-8
Turnover	**4.043**	**4.863**	**4.844**	**20**	**0**
Cost of sales	-1.833	-2.359	-2.111	29	-11
Gross Profit	**2.210**	**2.504**	**2.733**	**13**	**9**
Gross Margin	*55%*	*51%*	56%		
Capitalized R&D	204	275	275	35	0
Personnel Expenses	-1.719	-1.412	-1.484	-18	5
Other SG&A	-761	-636	-553	-16	-13
Depreciation	-513	-523	-517	2	-1
Operating Costs	**-2.993**	**-2.571**	**-2.554**	**-14**	**-1**
Operating Income	**-579**	**208**	**454**	**n.m.**	**118**
Operating Margin	-14%	4%	9%		
Ebitda	**-66**	**731**	**971**	**-1.208**	**33**
Ebitda Margin	-2%	15%	20%		
Ebitda (Cash)	**-270**	**456**	**696**	**-269**	**53**
Ebitda Margin	-7%	9%	14%		
Non-recurrent expenses	-109	34	-15	n.m.	n.m.
Financial Costs (net)	-71	-58	-158	n.m.	n.m.
Profit Before Tax	**-650**	**150**	**296**	**n.m.**	**97**
Cash Flow	**-341**	**432**	**644**	**n.m.**	**49**

Source: LLN, Checkpoint partners

Profit and Loss Account 2023-2026e

(€ millions)	**2023**	**2024**	**2025e**	**2026e**
Sales by division				
Contracting	3,1	3,5	4,2	4,7
Notification	1,6	2,0	2,2	2,5
Other SaaS	2,9	2,8	3,7	4,2
Software Services	**7,6**	**8,4**	**10,0**	**11,5**
SMS Solutions	**3,3**	**3,8**	**4,1**	**4,3**
ICX	**5,6**	**6,9**	**6,9**	**7,2**
Turnover	**16,6**	**19,1**	**21,1**	**23,2**
Cost of sales	-7,3	-8,9	-9,2	-9,7
Gross Profit	**9,3**	**10,2**	**12,0**	**13,4**
% y-o-y growth	-14%	11%	17%	12%
Gross Margin	56%	54%	57%	58%
Capitalized costs (R&D)	0,9	1,0	1,0	1,0
Personnel Expenses	-6,7	-5,5	-5,8	-6,2
Other SG&A	-3,7	-2,6	-2,5	-2,7
Depreciation	-2,1	-2,1	-1,8	-1,6
Operating Income	**-2,5**	**1,1**	**2,9**	**4,0**
Operating Margin	*-15%*	*6%*	*14%*	*17%*
Ebitda	**-0,3**	**3,2**	**4,7**	**5,6**
Ebitda Margin	-2%	17%	22%	24%
Ebitda (ex-capitalizations)	**-1,2**	**2,1**	**3,7**	**4,6**
Ebitda Margin	*-7%*	*11%*	*17%*	*20%*
Financial Results	-0,3	-0,2	-0,2	0,0
Profit Before Tax	**-2,7**	**0,9**	**2,7**	**3,9**
Tax	0,1	0,0	-0,4	-0,8
Net Income	**-2,7**	**0,9**	**2,3**	**3,1**
Net income attr. to shareholders	**-2,6**	**0,9**	**2,3**	**3,2**
Minority Interest	0,0	0,0	0,0	0,0

Source: LLN, Checkpoint partners

Balance Sheet 2023-2026e

(€ millions)	**2023**	**2024**	**2025e**	**2026e**
Fixed Assets	**10,8**	**11,1**	**10,7**	**9,7**
Intangible Assets	9,5	8,8	8,4	7,4
Tangible Assets	0,5	0,4	0,4	0,4
Investments in Group Companies	0,0	0,0	0,0	0,0
Other Investments	0,1	0,1	0,1	0,1
Deferred Assets	0,6	1,7	1,8	1,9
Current Assets	**6,8**	**6,5**	**7,2**	**8,1**
Debtors	5,1	5,2	5,6	6,1
Short Term Investments	0,4	0,0	0,0	0,0
Short Term Accruals	0,3	0,3	0,3	0,3
Cash	1,0	1,0	1,2	1,6
Assets	**17,6**	**17,5**	**17,9**	**17,8**
Shareholders' Funds	**3,0**	**4,1**	**6,4**	**9,5**
Capital	0,3	0,3	0,3	0,3
Share Premium	5,2	5,2	5,2	5,2
Reserves	1,5	1,8	1,8	1,8
Repurchase of share capital	-1,4	-0,2	-0,2	-0,2
Profit and Loss account	-2,6	0,9	2,3	3,2
Long Term Provisions	**0,2**	**0,0**	**0,0**	**0,0**
Long Term Debt	**5,5**	**3,7**	**3,6**	**1,1**
Current Liabilities	**8,7**	**9,4**	**7,6**	**6,9**
Short Term Debt	5,4	4,7	2,4	1,2
Provisions	0,0	0,2	0,2	0,2
Creditors	3,3	4,5	5,0	5,5
Liabilities	**17,1**	**17,2**	**17,6**	**17,5**

(€ millions)				
Dividends	0,0	0,0	0,0	0,0
Working Capital	1,9	0,7	0,6	0,7
Debtor Turnover (days)	118	99	94	93
Creditor Turnover (days)	65	83	99	103
Financial Debt	9,7	8,4	5,9	2,2
Cash	1,4	1,0	1,3	1,7
Net Debt	**9,5**	**7,4**	**4,6**	**0,6**

Source: LLN, Checkpoint partners

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Buy: the stock is expected to generate total return of over 15% during the next 12 months time horizon
Neutral: the stock is expected to generate total return of -15% to +15% during the next 12 months time
Sell: the stock is expected to generate total return under -15% during the next 12 months time horizon.

History of recommendations

Date	Recommen.	Price (€)	Target P.(€)	Period	Analyst
21.01.2020	BUY	1.35	1.80	12 months	Guillermo Serrano
21.04.2020	BUY	1.75	3.00	12 months	Guillermo Serrano
21.07.2020	BUY	4,34	6.00	12 months	Guillermo Serrano
26.10.2020	BUY	8,90	12.00	12 months	Guillermo Serrano
26.01.2021	BUY	6.00	11.35	12 months	Guillermo Serrano
20.04.2021	BUY	6.28	11.15	12 months	Guillermo Serrano
22.07.2021	BUY	5.59	11.15	12 months	Guillermo Serrano
11.11.2021	BUY	4.38	9.00	12 months	Guillermo Serrano
22.02.2022	BUY	3.24	9.00	12 months	Guillermo Serrano
04.05.2022	BUY	4.06	9.00	12 months	Guillermo Serrano
11.08.2022	BUY	2.50	7.50	12 months	Guillermo Serrano
25.10.2022	BUY	1.84	6.00	12 months	Guillermo Serrano
09.03.2023	BUY	2.27	5.00	12 months	Guillermo Serrano
10.05.2023	BUY	1.64	5.00	12 months	Guillermo Serrano
05.09.2023	BUY	1.15	3.00	12 months	Guillermo Serrano
12.12.2023	BUY	0.80	3.00	12 months	Guillermo Serrano
06.05.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
24.07.2024	BUY	1.22	3.00	12 months	Guillermo Serrano
30.10.2024	BUY	1.10	3.00	12 months	Guillermo Serrano
05.02.2025	BUY	1.33	3.00	12 months	Guillermo Serrano
06.05.2025	BUY	1.33	4.00	12 months	Guillermo Serrano
29.07.2025	BUY	1.29	4.00	12 months	Guillermo Serrano

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