

Libertas 7 (LIB), is a family group with headquarters in Valencia (Spain) structured around three areas: (i) property development and management, (ii) tourism management, with the leasing of 76 apartments and the management of a hotel, and (iii) financial investment, via the management of its own assets through investment in stocks and private equity. It is managed and controlled by the founding family (c. 70% of capital).

9m22: LIB normalises its development business

LIB NORMALISES ITS DEVELOPMENT BUSINESS. Although the title deeds of 21 of the 24 homes of the Drassanes building (100% sold) were executed in 3Q22, those of the Crisálida building (33 properties; 100% sold) are expected to be executed between 4Q22 and 1Q23, and this explains the lower revenue from the property business (EUR 6.2Mn vs EUR 13Mn in 9m21). The good news is the figure for sales and reservations of developments in progress (EUR 11.6Mn; +11.5% vs 9m21) and the stock on sale in an amount of EUR 10.5Mn. This, together with the acquisition of two new plots of land on which work is expected to begin on two new developments of 18 properties each, gives visibility to the business for the next three years. 2022e should be seen as a year in which the development business normalises (after the 2021 peak), but 2023e will not be representative (due to executions of title deeds). Only from 2025e will the true size of the business be visible.

AND THE TOURISM BUSINESS HAS ALREADY SIGNIFICANTLY EXCEEDED REVENUES FOR 2019. LIB's tourism business ended the summer season with revenue of EUR 2.0Mn, an amount that not only significantly exceeded that obtained in the same period of 2021 (EUR 1Mn; still greatly affected by Covid-19) but also that for the same period of 2019 (+10%).

THE INVESTMENT PORTFOLIO REMAINS CRITICAL FROM AN EQUITY VALUE VIEW POINT. A liquid investment portfolio with a market value of EUR 48.2Mn (-11.5% vs 2021). The equities portfolio (66% o/total) ended 9m22 (against a difficult market backdrop) with a negative yield of -11.3% (vs -16.3% for the Stoxx 600 in the same period). Private equity investments began to bear fruit, with a return of EUR 1.2Mn.

ALL THE ATTENTION SHOULD BE FOCUSED ON 2024 AND 2025. We downgrade our revenue estimates for 2022e to EUR 14.1Mn (-14.5% vs previous estimate) to reflect the slower than expected execution of the title deeds of Crisálida (100% sold), some of which we have moved to 1H23 (in 2023e we only expect title deeds on 18 properties in Crisálida to be executed, so this can be seen as a transition year). So attention should now turn to 2024e and 2025e. In 2024e we expect the title deeds to be executed on at least 30 homes (corresponding to the Paseo al Mar development; of which 87% have already been sold) and for 2025e we estimate title deed executions to return to levels similar to those of 2022e (c. 40 properties; 12.5% already sold). This points to a development business with size and recurrence from 2024 (this business was almost invisible until its take-off in 2021).

Market Data

| | | |
|------------------------------------|--------------------|------|
| Market Cap (Mn EUR and USD) | 21.4 | 21.4 |
| EV (Mn EUR and USD) ⁽²⁾ | 26.6 | 26.6 |
| Shares Outstanding (Mn) | 21.9 | |
| -12m (Max/Med/Mín EUR) | 1.97 / 1.41 / 0.89 | |
| Daily Avg volume (-12m Mn EUR) | n.m. | |
| Rotation ⁽³⁾ | 4.2 | |
| Factset / Bloomberg | LIB-ES / LIB SM | |
| Close fiscal year | 31-Dec | |

Shareholders Structure (%)

| | |
|---------------------------|------|
| Noguera Family and others | 80.0 |
| Treasury stock | 3.8 |
| Free Float | 16.2 |

Financials (Mn EUR)

| | 2021 | 2022e | 2023e | 2024e |
|-------------------------------------|-------|-------|-------|-------|
| Adj. nº shares (Mn) | 20.9 | 21.9 | 21.9 | 21.9 |
| Total Revenues | 16.8 | 14.1 | 8.9 | 12.1 |
| Rec. EBITDA | 0.6 | 2.2 | 1.6 | 2.0 |
| % growth | 183.8 | 283.3 | -26.8 | 24.5 |
| % Rec. EBITDA/Rev. | 3.5 | 15.9 | 18.4 | 16.8 |
| % Inc. EBITDA sector ⁽⁴⁾ | 11.0 | 16.7 | 5.6 | 6.4 |
| Net Profit | 1.2 | 0.8 | 0.3 | 0.6 |
| EPS (EUR) | 0.06 | 0.03 | 0.01 | 0.03 |
| % growth | 133.7 | -40.4 | -59.6 | 104.6 |
| Ord. EPS (EUR) | 0.02 | 0.03 | 0.01 | 0.03 |
| % growth | 111.0 | 87.9 | -59.6 | 104.6 |
| Rec. Free Cash Flow ⁽⁵⁾ | 4.9 | 2.7 | 2.3 | -1.4 |
| Pay-out (%) | 34.8 | 57.8 | 143.1 | 70.0 |
| DPS (EUR) | 0.02 | 0.02 | 0.02 | 0.02 |
| Net financial debt | 32.6 | 30.3 | 28.4 | 30.3 |
| ND/Rec. EBITDA (x) | n.a. | 13.5 | 17.4 | 14.9 |
| ROE (%) | 1.4 | 0.8 | 0.3 | 0.7 |
| ROCE (%) ⁽⁵⁾ | 1.5 | 1.9 | 1.3 | 1.7 |

Ratios & Multiples (x)⁽⁶⁾

| | 2021 | 2022e | 2023e | 2024e |
|------------------------------|------|-------|-------|-------|
| P/E | 16.8 | 28.2 | 69.8 | 34.1 |
| Ord. P/E | 52.9 | 28.2 | 69.8 | 34.1 |
| P/BV | 0.2 | 0.2 | 0.2 | 0.2 |
| Dividend Yield (%) | 2.1 | 2.1 | 2.1 | 2.1 |
| EV/Sales | 1.58 | 1.89 | 2.98 | 2.19 |
| EV/Rec. EBITDA | 45.6 | 11.9 | 16.3 | 13.1 |
| EV/EBIT | 15.8 | 13.4 | 19.2 | 14.9 |
| FCF Yield (%) ⁽⁵⁾ | 22.9 | 12.9 | 10.7 | n.a. |

Relative performance (Base 100)



| Stock performance (%) | -1m | -3m | -12m | YTD | -3Y | -5Y |
|------------------------------------|-------|------|-------|-------|-------|-------|
| Absolute | -3.5 | -7.1 | -47.8 | -37.1 | -18.3 | -54.0 |
| vs Ibex 35 | -9.3 | -4.8 | -40.9 | -30.9 | -2.7 | -40.8 |
| vs Ibex Small Cap Index | -3.1 | 7.3 | -36.2 | -23.2 | -21.0 | -60.6 |
| vs Eurostoxx 50 | -10.9 | -7.1 | -38.9 | -25.0 | -17.8 | -53.4 |
| vs Sector benchmark ⁽⁴⁾ | -14.1 | 14.3 | -13.6 | 4.9 | 27.2 | -33.6 |

(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: Stoxx Europe 600 Real State.

(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.

9m Results 2022

The main figures for 9m22 are: Revenue of EUR 9.8Mn (vs EUR 15.9 in 9m22; due to fewer title deed executions), EBITDA of EUR 2.0Mn and net profit of EUR 2.1Mn (vs EUR 2.7Mn in 9m21). As regards the balance sheet, net debt declined to EUR 30.8Mn (-11.3% vs 2021 close). Net equity of EUR 88.6mn (-3.3% vs 2021).

Table 1. 9m22 Results

| EUR Mn | 9m22 Real | 9m22 Real | | 2022e |
|-----------------------------|--------------|--------------|-----------------|--------------|
| | | 9m21 | vs 9m21 | |
| Total Revenues | 9.8 | 15.0 | -34.8% | 14.1 |
| EBITDA | 2.0 | 2.9 | -29.6% | 2.2 |
| <i>Rec. EBITDA/Revenue:</i> | <i>20.8%</i> | <i>19.3%</i> | <i>1.5 p.p.</i> | <i>15.9%</i> |
| EBIT | 2.1 | 2.7 | -22.9% | 2.0 |
| NP | 1.4 | 1.8 | -23.0% | 0.7 |
| | | 9m22 | 2021 | |
| Net Debt | 30.8 | 34.7 | -11.3% | |
| Book value | 88.6 | 91.5 | -3.3% | |
| Investment Portfolio | 48.3 | 54.6 | -11.5% | |

Valuation inputs

Inputs for the DCF Valuation Approach

| | 2022e | 2023e | 2024e | Terminal Value ⁽¹⁾ | | | |
|--------------------------------|-------|------------------------------------|-------|-------------------------------|-----------|------------|--|
| Free Cash Flow "To the Firm" | 3.2 | 2.7 | (1.0) | n.a. | | | |
| Market Cap | 21.4 | At the date of this report | | | | | |
| Net financial debt | 30.8 | Debt net of Cash (9m Results 2022) | | | | | |
| | | | | | Best Case | Worst Case | |
| Cost of Debt | 1.6% | Net debt cost | | | 1.4% | 1.9% | |
| Tax rate (T) | 20.0% | T (Normalised tax rate) | | | = | = | |
| Net debt cost | 1.3% | Kd = Cost of Net Debt * (1-T) | | | 1.1% | 1.5% | |
| Risk free rate (rf) | 3.1% | 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 | 10.3% | Ke = Rf + (R * B) | | | 9.1% | 11.5% | |
| Equity / (Equity + Net Debt) | 41.0% | E (Market Cap as equity value) | | | = | = | |
| Net Debt / (Equity + Net Debt) | 59.0% | D | | | = | = | |
| WACC | 5.0% | WACC = Kd * D + Ke * E | | | 4.4% | 5.6% | |
| G "Fair" | 2.0% | | | | 2.0% | 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 22e | EPS 22e-24e | EV/EBITDA 22e | EBITDA 22e-24e | EV/Sales 22e | Revenues 22e-24e | EBITDA/Sales 22e | FCF Yield 22e | FCF 22e-24e |
|------------------------|----------------|-------------|-------------|--------------|---------------|----------------|--------------|------------------|------------------|---------------|---------------|
| Metrovacesa | MVC-ES | 1,078.4 | 29.7 | -11.8% | 20.1 | -3.2% | 1.9 | 0.1% | 9.5% | 13.1% | 16.5% |
| Aedas Homes | AEDAS-ES | 623.5 | 5.4 | -1.2% | 4.8 | -1.8% | 0.9 | -0.1% | 18.4% | 19.6% | -17.3% |
| Neinor Homes | HOME-ES | 637.5 | 6.5 | -6.5% | 3.5 | -4.1% | 0.6 | -6.9% | 17.2% | 13.3% | -50.0% |
| Insur | ISUR-ES | 137.0 | 11.3 | 37.1% | 16.5 | 26.5% | 3.4 | 26.1% | 20.9% | n.a. | 46.7% |
| Real estate | | | 13.2 | 4.4% | 11.2 | 4.3% | 1.7 | 4.8% | 16.5% | 15.3% | -1.0% |
| Playa Hotels & Resorts | PLYA-US | 1,008.1 | 11.8 | 27.4% | 7.6 | 8.0% | 2.1 | 6.3% | 28.0% | 6.5% | n.a. |
| PPHE Hotel Group | PPH-GB | 610.4 | n.a. | n.a. | 15.6 | 20.5% | 4.7 | 17.6% | 30.1% | n.a. | n.a. |
| Pierre et Vacances | VAC-FR | 374.9 | n.a. | n.a. | n.a. | n.a. | 2.3 | 5.6% | n.a. | n.a. | n.a. |
| Tourism | | | 11.8 | 27.4% | 11.6 | 14.2% | 3.1 | 9.8% | 29.0% | 6.5% | n.a. |
| LIB | LIB-ES | 21.4 | 28.2 | -9.1% | 11.9 | -4.5% | 1.9 | -7.2% | 15.9% | 12.9% | -58.5% |

Free Cash Flow sensitivity analysis (2023e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

| Scenario | EBITDA/Sales 23e | EBITDA 23e | EV/EBITDA 23e |
|----------|------------------|------------|---------------|
| Max | 20.2% | 1.8 | 14.8x |
| Central | 18.4% | 1.6 | 16.3x |
| Min | 16.6% | 1.5 | 18.0x |

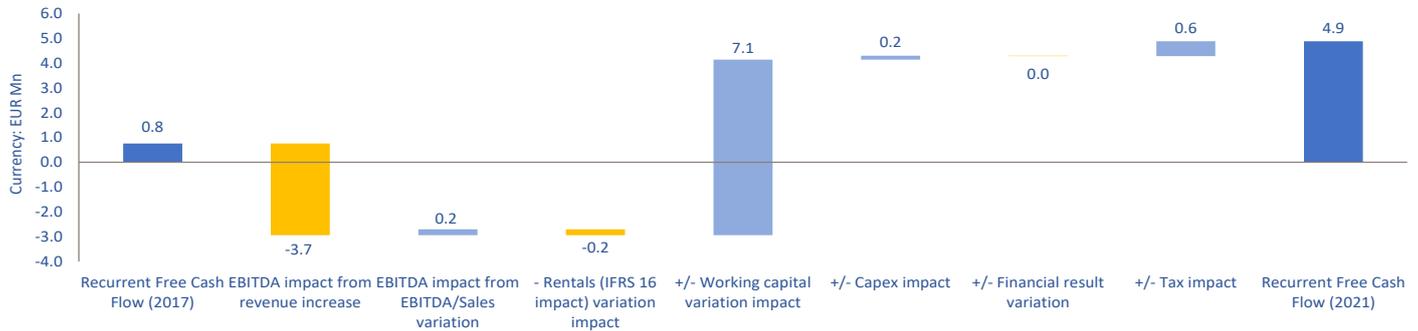
Appendix 1. Financial Projections

| Balance Sheet (EUR Mn) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | CAGR | |
|--|---------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Intangible assets | 0.1 | 0.1 | 2.0 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 | | |
| Fixed assets | 34.1 | 36.3 | 38.6 | 38.0 | 38.4 | 38.7 | 38.9 | 39.1 | | |
| Other Non Current Assets | 34.4 | 35.4 | 35.3 | 36.8 | 36.1 | 36.1 | 36.1 | 36.1 | | |
| Financial Investments | 60.8 | 52.5 | 53.6 | 43.3 | 52.0 | 51.6 | 51.2 | 50.8 | | |
| Goodwill & Other Intangibles | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | | |
| Current assets | 13.6 | 15.4 | 16.7 | 22.0 | 15.6 | 13.4 | 10.6 | 13.9 | | |
| Total assets | 143.5 | 140.2 | 146.7 | 143.0 | 144.7 | 142.4 | 139.3 | 142.5 | | |
| Equity | 96.4 | 91.9 | 96.1 | 87.9 | 91.5 | 91.9 | 91.7 | 91.9 | | |
| Minority Interests | - | - | - | - | - | - | - | - | | |
| Provisions & Other L/T Liabilities | 11.0 | 11.7 | 13.4 | 13.4 | 13.9 | 13.9 | 13.9 | 13.9 | | |
| Other Non Current Liabilities | - | - | 2.1 | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | | |
| Net financial debt | 35.1 | 34.5 | 31.3 | 34.1 | 32.6 | 30.3 | 28.4 | 30.3 | | |
| Current Liabilities | 1.1 | 2.1 | 3.8 | 5.4 | 4.6 | 4.3 | 3.2 | 4.3 | | |
| Equity & Total Liabilities | 143.5 | 140.2 | 146.7 | 143.0 | 144.7 | 142.4 | 139.3 | 142.5 | | |
| P&L (EUR Mn) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | CAGR | |
| Total Revenues | 7.9 | 5.0 | 5.6 | 3.9 | 16.8 | 14.1 | 8.9 | 12.1 | 20.7% | -10.3% |
| <i>Total Revenues growth</i> | <i>-13.1%</i> | <i>-37.1%</i> | <i>11.4%</i> | <i>-29.4%</i> | <i>329.3%</i> | <i>-16.3%</i> | <i>-36.7%</i> | <i>36.0%</i> | | |
| COGS | (0.8) | (1.1) | (1.4) | (1.4) | (12.1) | (7.7) | (3.5) | (6.0) | | |
| Gross Margin | 7.2 | 3.9 | 4.2 | 2.5 | 4.7 | 6.3 | 5.4 | 6.1 | -10.0% | 9.0% |
| <i>Gross Margin/Revenues</i> | <i>90.3%</i> | <i>77.4%</i> | <i>75.4%</i> | <i>64.7%</i> | <i>28.0%</i> | <i>45.1%</i> | <i>60.6%</i> | <i>50.3%</i> | | |
| Personnel Expenses | (1.5) | (1.7) | (2.2) | (1.7) | (2.0) | (2.1) | (2.1) | (2.2) | | |
| Other Operating Expenses | (1.6) | (2.3) | (2.4) | (1.5) | (2.1) | (2.0) | (1.6) | (1.8) | | |
| Recurrent EBITDA | 4.0 | (0.2) | (0.4) | (0.7) | 0.6 | 2.2 | 1.6 | 2.0 | -38.4% | 51.7% |
| <i>Recurrent EBITDA growth</i> | <i>-20.3%</i> | <i>-104.1%</i> | <i>-128.5%</i> | <i>-83.0%</i> | <i>183.8%</i> | <i>283.3%</i> | <i>-26.8%</i> | <i>24.5%</i> | | |
| <i>Rec. EBITDA/Revenues</i> | <i>51.0%</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>3.5%</i> | <i>15.9%</i> | <i>18.4%</i> | <i>16.8%</i> | | |
| Restructuring Expense & Other non-rec. | (0.7) | 0.2 | 0.0 | (0.4) | 1.1 | - | - | - | | |
| EBITDA | 3.3 | (0.0) | (0.4) | (1.1) | 1.7 | 2.2 | 1.6 | 2.0 | -16.1% | 7.3% |
| Depreciation & Provisions | 0.5 | (0.0) | 0.1 | (0.0) | 0.3 | (0.0) | (0.0) | (0.0) | | |
| Capitalized Expense | - | - | - | - | - | - | - | - | | |
| Rentals (IFRS 16 impact) | - | - | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| EBIT | 3.8 | (0.0) | (0.5) | (1.3) | 1.7 | 2.0 | 1.4 | 1.8 | -18.3% | 2.0% |
| <i>EBIT growth</i> | <i>-46.3%</i> | <i>-100.4%</i> | <i>n.a.</i> | <i>-163.9%</i> | <i>233.2%</i> | <i>17.8%</i> | <i>-30.2%</i> | <i>28.9%</i> | | |
| <i>EBIT/Revenues</i> | <i>47.7%</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>10.0%</i> | <i>14.1%</i> | <i>15.6%</i> | <i>14.7%</i> | | |
| Impact of Goodwill & Others | - | 3.3 | 2.5 | (0.1) | 0.8 | - | - | - | | |
| Net Financial Result | (0.7) | (0.6) | (0.6) | (0.9) | (0.5) | (0.6) | (0.6) | (0.6) | | |
| Income by the Equity Method | (1.6) | (1.7) | 0.1 | (1.7) | (0.4) | (0.4) | (0.4) | (0.4) | | |
| Ordinary Profit | 1.5 | 1.0 | 1.5 | (3.9) | 1.6 | 0.9 | 0.4 | 0.8 | 1.8% | -20.6% |
| <i>Ordinary Profit Growth</i> | <i>-65.8%</i> | <i>-31.3%</i> | <i>48.7%</i> | <i>-360.3%</i> | <i>140.4%</i> | <i>-39.4%</i> | <i>-59.6%</i> | <i>104.6%</i> | | |
| Extraordinary Results | - | - | - | - | - | - | - | - | | |
| Profit Before Tax | 1.5 | 1.0 | 1.5 | (3.9) | 1.6 | 0.9 | 0.4 | 0.8 | 1.8% | -20.6% |
| Tax Expense | (1.0) | (0.9) | (0.4) | 0.3 | (0.4) | (0.2) | (0.1) | (0.2) | | |
| <i>Effective Tax Rate</i> | <i>65.7%</i> | <i>86.2%</i> | <i>28.8%</i> | <i>n.a.</i> | <i>22.4%</i> | <i>20.0%</i> | <i>20.0%</i> | <i>20.0%</i> | | |
| Minority Interests | - | - | - | - | - | - | - | - | | |
| Discontinued Activities | - | - | - | - | - | - | - | - | | |
| Net Profit | 0.5 | 0.1 | 1.1 | (3.6) | 1.2 | 0.8 | 0.3 | 0.6 | 24.9% | -19.8% |
| <i>Net Profit growth</i> | <i>-46.0%</i> | <i>-72.5%</i> | <i>669.2%</i> | <i>-440.8%</i> | <i>133.7%</i> | <i>-37.5%</i> | <i>-59.6%</i> | <i>104.6%</i> | | |
| Ordinary Net Profit | 1.5 | 0.6 | 1.1 | (3.5) | 0.4 | 0.8 | 0.3 | 0.6 | -29.0% | 17.6% |
| <i>Ordinary Net Profit growth</i> | <i>-54.2%</i> | <i>-61.3%</i> | <i>79.4%</i> | <i>-431.8%</i> | <i>111.0%</i> | <i>96.9%</i> | <i>-59.6%</i> | <i>104.6%</i> | | |
| Cash Flow (EUR Mn) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | CAGR | |
| Recurrent EBITDA | | | | | | 2.2 | 1.6 | 2.0 | -38.4% | 51.7% |
| Rentals (IFRS 16 impact) | | | | | | (0.2) | (0.2) | (0.2) | | |
| Working Capital Increase | | | | | | 1.8 | 1.7 | (2.2) | | |
| Recurrent Operating Cash Flow | | | | | | 3.8 | 3.1 | -0.4 | 23.1% | -27.4% |
| CAPEX | | | | | | (0.3) | (0.2) | (0.2) | | |
| Net Financial Result affecting the Cash Flow | | | | | | (0.6) | (0.6) | (0.6) | | |
| Tax Expense | | | | | | (0.2) | (0.1) | (0.2) | | |
| Recurrent Free Cash Flow | | | | | | 2.7 | 2.3 | (1.4) | 59.4% | -31.8% |
| Restructuring Expense & Other non-rec. | | | | | | - | - | - | | |
| - Acquisitions / + Divestures of assets | | | | | | - | - | - | | |
| Extraordinary Inc./Exp. Affecting Cash Flow | | | | | | - | - | - | | |
| Free Cash Flow | | | | | | 2.7 | 2.3 | (1.4) | n.a. | -31.3% |
| Capital Increase | | | | | | - | - | - | | |
| Dividends | | | | | | (0.4) | (0.4) | (0.4) | | |
| Net Debt Variation | | | | | | (2.3) | (1.8) | 1.8 | | |

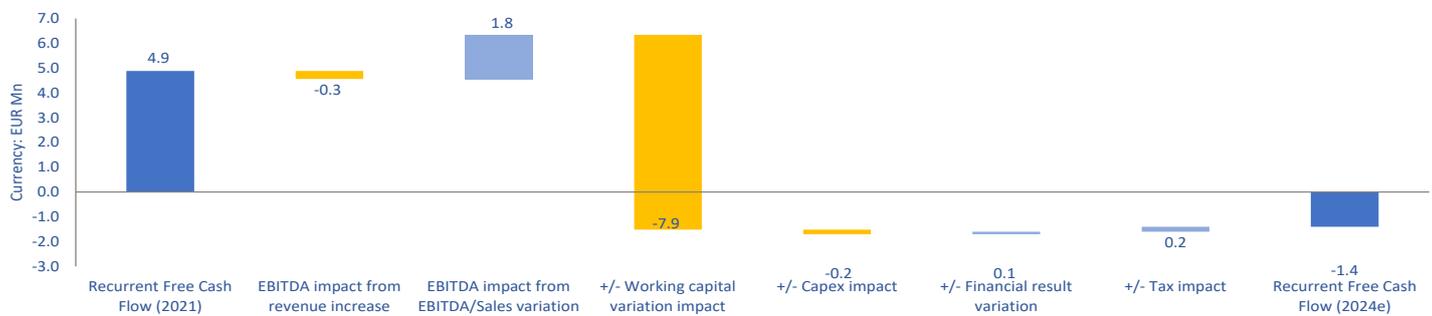
Appendix 2. Free Cash Flow

| A) Cash Flow Analysis (EUR Mn) | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | CAGR | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | | | | | | | | 18-21 | 21-24e |
| Recurrent EBITDA | (0.2) | (0.4) | (0.7) | 0.6 | 2.2 | 1.6 | 2.0 | 76.6% | 51.7% |
| <i>Recurrent EBITDA growth</i> | -104.1% | -128.5% | -83.0% | 183.8% | 283.3% | -26.8% | 24.5% | | |
| <i>Rec. EBITDA/Revenues</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 3.5% | 15.9% | 18.4% | 16.8% | | |
| - Rentals (IFRS 16 impact) | - | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| +/- Working Capital increase | (0.7) | 0.5 | (3.7) | 5.6 | 1.8 | 1.7 | (2.2) | | |
| = Recurrent Operating Cash Flow | (0.9) | (0.1) | (4.6) | 6.0 | 3.8 | 3.1 | (0.4) | <i>n.a.</i> | -27.4% |
| <i>Rec. Operating Cash Flow growth</i> | -134.6% | 88.5% | <i>n.a.</i> | 229.6% | -35.8% | -18.6% | -113.1% | | |
| <i>Rec. Operating Cash Flow / Sales</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 35.6% | 27.3% | 35.1% | <i>n.a.</i> | | |
| - CAPEX | (0.2) | (0.1) | (0.3) | (0.1) | (0.3) | (0.2) | (0.2) | | |
| - Net Financial Result affecting Cash Flow | (0.7) | (0.7) | (0.7) | (0.7) | (0.6) | (0.6) | (0.6) | | |
| - Taxes | (0.9) | (0.4) | 0.3 | (0.4) | (0.2) | (0.1) | (0.2) | | |
| = Recurrent Free Cash Flow | (2.7) | (1.3) | (5.4) | 4.9 | 2.7 | 2.3 | (1.4) | 56.4% | -31.8% |
| <i>Rec. Free Cash Flow growth</i> | -452.6% | 52.5% | -324.7% | 190.7% | -43.8% | -16.9% | -161.5% | | |
| <i>Rec. Free Cash Flow / Revenues</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 29.0% | 19.5% | 25.6% | <i>n.a.</i> | | |
| - Restructuring expenses & others | 0.2 | 0.0 | (0.4) | 1.1 | - | - | - | | |
| - Acquisitions / + Divestments | 3.5 | 3.6 | 1.1 | (0.6) | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | - | - | - | - | - | - | - | | |
| = Free Cash Flow | 0.9 | 2.4 | (4.7) | 5.4 | 2.7 | 2.3 | (1.4) | 78.9% | -31.3% |
| <i>Free Cash Flow growth</i> | <i>n.a.</i> | 150.8% | -297.8% | 215.4% | -48.9% | -16.9% | -161.5% | | |
| <i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 22.9% | 12.9% | 10.7% | <i>n.a.</i> | | |
| <i>Free Cash Flow Yield (s/Mkt Cap)</i> | 4.4% | 11.0% | <i>n.a.</i> | 25.2% | 12.9% | 10.7% | <i>n.a.</i> | | |
| B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn) | | | | | | | | | |
| Recurrent FCF(FY - 1) | 0.8 | (2.7) | (1.3) | (5.4) | 4.9 | 2.7 | 2.3 | | |
| EBITDA impact from revenue increase | (1.5) | (0.0) | 0.1 | (2.3) | (0.1) | (0.8) | 0.6 | | |
| EBITDA impact from EBITDA/Sales variation | (2.7) | (0.2) | (0.4) | 3.6 | 1.7 | 0.2 | (0.2) | | |
| = Recurrent EBITDA variation | (4.2) | (0.2) | (0.3) | 1.3 | 1.7 | (0.6) | 0.4 | | |
| - Rentals (IFRS 16 impact) variation impact | - | (0.2) | - | (0.0) | - | - | - | | |
| +/- Working capital variation impact | 0.7 | 1.2 | (4.2) | 9.4 | (3.8) | (0.1) | (3.9) | | |
| = Recurrent Operating Cash Flow variation | (3.5) | 0.8 | (4.5) | 10.6 | (2.1) | (0.7) | (3.5) | | |
| +/- CAPEX impact | (0.0) | 0.2 | (0.3) | 0.3 | (0.2) | 0.1 | (0.1) | | |
| +/- Financial result variation | 0.0 | (0.0) | (0.0) | (0.0) | 0.1 | 0.0 | 0.0 | | |
| +/- Tax impact | 0.1 | 0.4 | 0.7 | (0.6) | 0.2 | 0.1 | (0.1) | | |
| = Recurrent Free Cash Flow variation | (3.4) | 1.4 | (4.1) | 10.3 | (2.1) | (0.5) | (3.7) | | |
| Recurrent Free Cash Flow | (2.7) | (1.3) | (5.4) | 4.9 | 2.7 | 2.3 | (1.4) | | |
| C) "FCF to the Firm" (pre debt service) (EUR Mn) | | | | | | | | | |
| EBIT | (0.0) | (0.5) | (1.3) | 1.7 | 2.0 | 1.4 | 1.8 | n.a. | 2.0% |
| * <i>Theoretical Tax rate</i> | 0.0% | 0.0% | 0.0% | 22.4% | 20.0% | 20.0% | 20.0% | | |
| = Taxes (pre- Net Financial Result) | - | - | - | (0.4) | (0.4) | (0.3) | (0.4) | | |
| Recurrent EBITDA | (0.2) | (0.4) | (0.7) | 0.6 | 2.2 | 1.6 | 2.0 | 76.6% | 51.7% |
| - Rentals (IFRS 16 impact) | - | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| +/- Working Capital increase | (0.7) | 0.5 | (3.7) | 5.6 | 1.8 | 1.7 | (2.2) | | |
| = Recurrent Operating Cash Flow | (0.9) | (0.1) | (4.6) | 6.0 | 3.8 | 3.1 | (0.4) | <i>n.a.</i> | -27.4% |
| - CAPEX | (0.2) | (0.1) | (0.3) | (0.1) | (0.3) | (0.2) | (0.2) | | |
| - Taxes (pre- Financial Result) | - | - | - | (0.4) | (0.4) | (0.3) | (0.4) | | |
| = Recurrent Free Cash Flow (To the Firm) | (1.1) | (0.2) | (5.0) | 5.6 | 3.2 | 2.7 | (1.0) | 89.9% | -29.7% |
| <i>Rec. Free Cash Flow (To the Firm) growth</i> | -191.0% | 84.8% | <i>n.a.</i> | 211.8% | -43.0% | -15.5% | -137.8% | | |
| <i>Rec. Free Cash Flow (To the Firm) / Revenues</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 33.0% | 22.5% | 30.0% | <i>n.a.</i> | | |
| - Acquisitions / + Divestments | 3.5 | 3.6 | 1.1 | (0.6) | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | - | - | - | - | - | - | - | | |
| = Free Cash Flow "To the Firm" | 2.3 | 3.4 | (3.9) | 5.0 | 3.2 | 2.7 | (1.0) | 29.3% | -30.1% |
| <i>Free Cash Flow (To the Firm) growth</i> | 83.0% | 49.5% | -212.3% | 228.6% | -36.4% | -15.5% | -137.8% | | |
| <i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 20.9% | 11.9% | 10.1% | <i>n.a.</i> | | |
| <i>Free Cash Flow "To the Firm" - Yield (o/EV)</i> | 8.7% | 13.0% | <i>n.a.</i> | 18.7% | 11.9% | 10.1% | <i>n.a.</i> | | |

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



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

| | EUR Mn | Source |
|--------------------------------------|-------------|-----------------|
| Market Cap | 21.4 | |
| + Minority Interests | - | 9m Results 2022 |
| + Provisions & Other L/T Liabilities | 0.1 | 9m Results 2022 |
| + Net financial debt | 30.8 | 9m Results 2022 |
| - Financial Investments | 1.5 | 9m Results 2022 |
| +/- Others ⁽¹⁾ | (24.2) | 9m Results 2022 |
| Enterprise Value (EV) | 26.6 | |

(1) Related to: (i) the book value (not actuarial) of deferred tax assets and liabilities (EUR 36.4Mn and EUR 13.4Mn, respectively) and (ii) the market value of treasury stock (EUR 1.1Mn)

Appendix 4. Historical performance ⁽¹⁾

| Historical performance (EUR Mn) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | 11-21 | 21-24e | CAGR |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|--------------|---------------|------|
| Total Revenues | 21.1 | 16.5 | 48.6 | 10.1 | 9.0 | 8.2 | 7.9 | 5.0 | 5.6 | 3.9 | 16.8 | 14.1 | 8.9 | 12.1 | -2.2% | -10.3% | |
| Total Revenues growth | 32.4% | -21.9% | 195.1% | -79.2% | -11.1% | -8.6% | -3.4% | -37.1% | 11.4% | -29.4% | 329.3% | -16.3% | -36.7% | 36.0% | | | |
| EBITDA | (0.8) | 0.8 | (31.6) | (8.2) | 1.4 | 3.4 | 3.3 | (0.0) | (0.4) | (1.1) | 1.7 | 2.2 | 1.6 | 2.0 | 14.8% | 7.3% | |
| EBITDA growth | <i>n.a.</i> | 193.8% | <i>n.a.</i> | 73.9% | 116.9% | 146.4% | -2.8% | -100.2% | <i>n.a.</i> | -182.9% | 255.0% | 35.4% | -26.8% | 24.5% | | | |
| EBITDA/Sales | <i>n.a.</i> | 4.8% | <i>n.a.</i> | <i>n.a.</i> | 15.5% | 41.8% | 42.0% | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 9.8% | 15.9% | 18.4% | 16.8% | | | |
| Net Profit | 0.2 | (68.0) | (29.5) | (48.6) | 0.7 | 1.2 | 0.5 | 0.1 | 1.1 | (3.6) | 1.2 | 0.8 | 0.3 | 0.6 | 20.1% | -19.8% | |
| Net Profit growth | -97.4% | <i>n.a.</i> | 56.6% | -64.7% | 101.4% | 72.8% | -57.1% | -72.5% | 669.2% | -440.8% | 133.7% | -37.5% | -59.6% | 104.6% | | | |
| Adjusted number shares (Mn) | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 21.9 | 21.9 | | | |
| EPS (EUR) | 0.01 | -3.26 | -1.41 | -2.33 | 0.03 | 0.06 | 0.02 | 0.01 | 0.05 | -0.17 | 0.06 | 0.03 | 0.01 | 0.03 | 20.1% | -21.0% | |
| EPS growth | -97.4% | <i>n.a.</i> | 56.5% | -64.7% | <i>n.a.</i> | 72.9% | -57.1% | -72.5% | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | -40.4% | -59.6% | <i>n.a.</i> | | | |
| Ord. EPS (EUR) | 0.01 | -3.26 | -1.41 | -2.33 | 0.03 | 0.04 | 0.07 | 0.03 | 0.05 | -0.17 | 0.02 | 0.03 | 0.01 | 0.03 | 7.1% | 15.8% | |
| Ord. EPS growth | -97.4% | <i>n.a.</i> | 56.5% | -64.7% | <i>n.a.</i> | 19.0% | 89.5% | -61.4% | 79.4% | <i>n.a.</i> | <i>n.a.</i> | 87.9% | -59.6% | <i>n.a.</i> | | | |
| CAPEX | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | (0.1) | (0.2) | (0.2) | (0.1) | (0.3) | (0.1) | (0.3) | (0.2) | (0.2) | | | |
| CAPEX/Sales % | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 1.8% | 2.8% | 4.8% | 1.3% | 8.7% | 2.0% | 2.0% | 2.0% | | | |
| Free Cash Flow | (1.1) | (11.4) | 59.1 | 10.3 | 17.8 | 5.0 | 0.0 | 0.9 | 2.4 | (4.7) | 5.4 | 2.7 | 2.3 | (1.4) | 21.5% | -31.3% | |
| ND/EBITDA (x) ⁽²⁾ | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 33.1x | 11.9x | 10.5x | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 19.7x | 13.5x | 17.4x | 14.9x | | | |
| P/E (x) | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 65.8x | 38.0x | 88.7x | <i>n.a.</i> | 31.2x | <i>n.a.</i> | 26.7x | 28.2x | 69.8x | 34.1x | | | |
| EV/Sales (x) | 18.31x | 13.59x | 1.84x | 2.19x | 5.08x | 7.87x | 7.63x | 11.97x | 7.95x | 11.35x | 2.46x | 1.89x | 2.98x | 2.19x | | | |
| EV/EBITDA (x) ⁽²⁾ | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 32.8x | 18.9x | 18.2x | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> | 25.1x | 11.9x | 16.3x | 13.1x | | | |
| Absolute performance | -59.9% | -46.3% | -64.9% | 135.0% | -6.4% | 0.0% | -0.1% | -30.1% | 6.4% | -12.5% | 12.4% | -37.1% | | | | | |
| Relative performance vs Ibx 35 | -53.9% | -43.7% | -71.1% | 126.7% | 0.8% | 2.1% | -7.0% | -17.8% | -4.8% | 3.5% | 4.1% | -30.9% | | | | | |

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2022e

| | | Real estate | | | | | Tourism | | | LIB |
|-----------------------------|-------------------------|-------------|-------------|--------------|-------------|---------|------------------------|------------------|---------|--------|
| EUR Mn | | Metrovacesa | Aedas Homes | Neinor Homes | Insur | Average | Playa Hotels & Resorts | PPHE Hotel Group | Average | LIB-ES |
| Market data | Ticker (Factset) | MVC-ES | AEDAS-ES | HOME-ES | ISUR-ES | | PLYA-US | PPH-GB | | Spain |
| | Country | Spain | Spain | Spain | Spain | | Netherlands | Netherlands | | |
| | Market cap | 1,078.4 | 623.5 | 637.5 | 137.0 | | 1,008.1 | 610.4 | | 21.4 |
| | Enterprise value (EV) | 1,140.7 | 818.3 | 500.5 | 408.2 | | 1,774.6 | 1,588.6 | | 26.6 |
| Basic financial information | Total Revenues | 597.4 | 932.5 | 830.9 | 118.6 | | 837.5 | 338.6 | | 14.1 |
| | Total Revenues growth | 16.9% | 21.8% | -9.4% | 11.1% | 10.1% | 56.6% | 106.8% | 81.7% | -16.3% |
| | 2y CAGR (2022e - 2024e) | 0.1% | -0.1% | -6.9% | 26.1% | 4.8% | 6.3% | 17.6% | 11.9% | -7.2% |
| | EBITDA | 56.9 | 172.0 | 143.3 | 24.8 | | 234.1 | 101.9 | | 2.2 |
| | EBITDA growth | 107.8% | 17.4% | 9.1% | 52.4% | 46.7% | 185.6% | <i>n.a.</i> | 185.6% | 35.4% |
| | 2y CAGR (2022e - 2024e) | -3.2% | -1.8% | -4.1% | 26.5% | 4.3% | 8.0% | 20.5% | 14.2% | -4.5% |
| | EBITDA/Revenues | 9.5% | 18.4% | 17.2% | 20.9% | 16.5% | 28.0% | 30.1% | 29.0% | 15.9% |
| | EBIT | 58.0 | 169.3 | 137.7 | 25.7 | | 144.5 | 55.8 | | 2.0 |
| | EBIT growth | 77.2% | 18.1% | 8.8% | 114.5% | 54.7% | <i>n.a.</i> | 235.8% | 235.8% | 17.8% |
| | 2y CAGR (2022e - 2024e) | -3.4% | -1.8% | -3.8% | 18.2% | 2.3% | 14.8% | 28.7% | 21.7% | -5.1% |
| | EBIT/Revenues | 9.7% | 18.2% | 16.6% | 21.7% | 16.5% | 17.3% | 16.5% | 16.9% | 14.1% |
| | Net Profit | 34.3 | 112.4 | 98.4 | 11.5 | | 93.6 | 3.8 | | 0.8 |
| | Net Profit growth | 85.6% | 20.7% | -4.5% | -4.3% | 24.4% | 204.4% | 106.2% | 155.3% | -37.5% |
| 2y CAGR (2022e - 2024e) | -2.0% | 3.2% | -3.8% | 14.2% | 2.9% | 22.0% | <i>n.a.</i> | 22.0% | -9.1% | |
| CAPEX/Sales % | 16.7% | 0.2% | 16.0% | 43.0% | 19.0% | 4.1% | 30.3% | 17.2% | 2.0% | |
| Free Cash Flow | 140.8 | 122.4 | 84.7 | (35.3) | | 65.8 | (27.8) | | 2.7 | |
| Net financial debt | 213.5 | 279.6 | 342.9 | 233.0 | | 708.0 | 770.9 | | 30.3 | |
| ND/EBITDA (x) | 3.8 | 1.6 | 2.4 | 9.4 | 4.3 | 3.0 | 7.6 | 5.3 | 13.5 | |
| Pay-out | 465.4% | 87.1% | 54.2% | 64.3% | 167.8% | 0.0% | 0.0% | 0.0% | 57.8% | |
| Multiples and Ratios | P/E (x) | 29.7 | 5.4 | 6.5 | 11.3 | 13.2 | 11.8 | <i>n.a.</i> | 11.8 | 28.2 |
| | P/BV (x) | 0.5 | 0.6 | 0.7 | 1.0 | 0.7 | 1.3 | 1.8 | 1.6 | 0.2 |
| | EV/Revenues (x) | 1.9 | 0.9 | 0.6 | 3.4 | 1.7 | 2.1 | 4.7 | 3.4 | 1.9 |
| | EV/EBITDA (x) | 20.1 | 4.8 | 3.5 | 16.5 | 11.2 | 7.6 | 15.6 | 11.6 | 11.9 |
| | EV/EBIT (x) | 19.7 | 4.8 | 3.6 | 15.9 | 11.0 | 12.3 | 28.5 | 20.4 | 13.4 |
| | ROE | 1.8 | 10.5 | 10.2 | 8.7 | 7.8 | 11.4 | 1.2 | 6.3 | 0.8 |
| | FCF Yield (%) | 13.1 | 19.6 | 13.3 | <i>n.a.</i> | 15.3 | 6.5 | <i>n.a.</i> | 6.5 | 12.9 |
| | DPS | 1.05 | 2.16 | 0.70 | 0.42 | 1.08 | 0.00 | 0.00 | 0.00 | 0.02 |
| | Dvd Yield | 14.8% | 16.3% | 8.7% | 5.7% | 11.4% | 0.0% | 0.0% | 0.0% | 2.1% |

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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Notes and Reports History

| Date of report | Recommendation | Price (EUR) | Target price (EUR) | Period of validity | Reason for report | Analyst |
|----------------|----------------|-------------|--------------------|--------------------|------------------------|---------------------|
| 28-Oct-2022 | n.a. | 0.98 | n.a. | n.a. | 9m Results 2022 | David López Sánchez |
| 02-Aug-2022 | n.a. | 1.12 | n.a. | n.a. | 6m Results 2022 | David López Sánchez |
| 03-May-2022 | n.a. | 1.69 | n.a. | n.a. | 3m Results 2022 | David López Sánchez |
| 02-Mar-2022 | n.a. | 1.39 | n.a. | n.a. | 12m Results 2021 | David López Sánchez |
| 25-Oct-2021 | n.a. | 1.91 | n.a. | n.a. | 9m Results 2021 | David López Sánchez |
| 02-Aug-2021 | n.a. | 2.23 | n.a. | n.a. | 6m Results 2021 | David López Sánchez |
| 07-Jul-2021 | n.a. | 2.56 | n.a. | n.a. | Initiation of Coverage | David López Sánchez |

