Izertis

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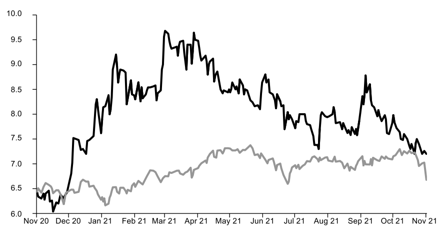
Full Company Report | **Reason: Initiation of coverage** | ***29 November 2021***

Buy	
Initiating Coverage	
Share price: EUR	**7.20**
closing price as of 26/11/2021	
Target price: EUR	**9.70**
Upside/Downside Potential	**34.7%**
Reuters/Bloomberg	IZER.MC/IZER SM
Market capitalisation (EURm)	**169**
Current N° of shares (m)	23
Free float	**23%**
Daily avg. no. trad. sh. 12 mth (k)	18
Daily avg. trad. vol. 12 mth (k)	34.69
Price high/low 12 months	9.68 / 6.04
Abs Perfs 1/3/12 mths (%)	-9.77/-9.55/11.80

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	51	63	93
EBITDA (m)	5	7	10
EBITDA margin	*10.4%*	*10.9%*	*11.0%*
EBIT (m)	1	1	3
EBIT margin	*2.7%*	*2.1%*	*3.6%*
Net Profit (adj.)(m)	1	0	1
ROCE			
Net debt/(cash) (m)	10	14	22
Net Debt Equity	*0.4*	*0.5*	*0.7*
Net Debt/EBITDA	1.8	2.0	2.2
Int. cover(EBITDA/Fin.int)	3.7	9.9	7.8
EV/Sales	3.3	2.8	2.0
EV/EBITDA	31.7	25.6	18.1
EV/EBITDA (adj.)			
EV/EBIT	nm	nm	55.7
P/E (adj.)	nm	nm	nm
P/BV	6.9	5.9	5.7
OpFCF yield	*2.8%*	*0.9%*	*3.6%*
Dividend yield	*0.0%*	*0.0%*	*0.0%*
EPS (adj.)	0.06	0.01	0.05
BVPS	1.09	1.21	1.27
DPS	0.00	0.00	0.00

Shareholders

Laren Capital, S.L.U. 59%; Management Team 15%; Santander AM 2%;



Source: FactSet

IZERTIS — IBEX 35 (Rebased)

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Macrotrend-driven growth story

We initiate coverage on Izertis, a 25-year-old technology consultancy company that went public in 2019. The Company has written a history of sustained growth that in recent years is accelerating to consolidate the market. It operates in a high-growth sector, supported by macro trends such as digitalisation and the technological transformation of companies. It is a company in which the majority of the capital is held by the Chairman and founder as well as the management team.

- ✓ Izertis has obtained a **relevant position** in the Spanish market in recent years, accessing increasingly larger accounts. The extensive **offering** and **corporate culture** are two of its main competitive advantages, which allows to have an agile, fast, and dynamic organisation.
- ✓ The Company has carried out **over 15 corporate operations** during the last three years to accelerate growth. The **market is highly fragmented** with many small companies and to survive it is necessary to gain size.
- ✓ There are **four business lines:** 1) **Digital Transformation** and **Technological Infrastructures & Services**: have greater growth potential and can generate greater added value (70% of turnover); 2) **Business Operations** and **Business Solutions**: have a growth potential more in line with the sector and have less potential to generate added value in the long term. The group's organic and inorganic growth strategy is focusing on the first two business lines.
- ✓ The Company presented a **strategic plan** in which normalised sales and EBITDA targets for **2023** implied reaching EUR125m and EUR12.5m, respectively. We expect these to be reached with a combination of organic and inorganic growth in roughly equal parts and, in terms of EBITDA, to even surpass the forecast (normalised EBITDA margin 11.1% vs. 10%).
- ✓ Going forward, we have considered maintaining **inorganic growth strategy**, as we believe that the market is conducive to it and customer demand will focus on large companies with multiple capabilities to meet a wide range of needs. We therefore see inorganic growth as a part of the Company's strategy.
- ✓ The Company also counts on **an internal team focused on M&As,** dedicated to seeking targets with very clear investment criteria: complementary corporate culture, healthy financial situation, average EBITDA margin of 10%, and acquisitions historically at EV/EBITDA 6-9x.
- ✓ To finance this growth, the Company has a **healthy financial balance** with **ND/EBITDA'21e of 2.2x.** We estimate inorganic growth to be financed via resources generated by the Company and debt (additional c. EUR18m). Associated EBITDA growth would lead to the ratio not surpassing ND/EBITDA 2.3x in our estimated horizon.
- ✓ We reach a fair value of **EUR9.7 per share, 35% upside over current market price** and begin our coverage with a Buy recommendation. In our opinion, the combined organic and inorganic growth is very reasonable and value could be generated with the integrations. Hypotheses employed: g=3% and WACC 8.5%.

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1. Company description

The Company was founded by Pablo Martin, current chairman and CEO, in 1996 in Gijon, Asturias. On July 1 1998, the company Chipbip Servicios y Sistems, S.L., was borne, the seed for today's Izertis.

During the first few years, the Company developed its activity at a local level with low specialisation services, but grew until it reached 12 employees in 2003.

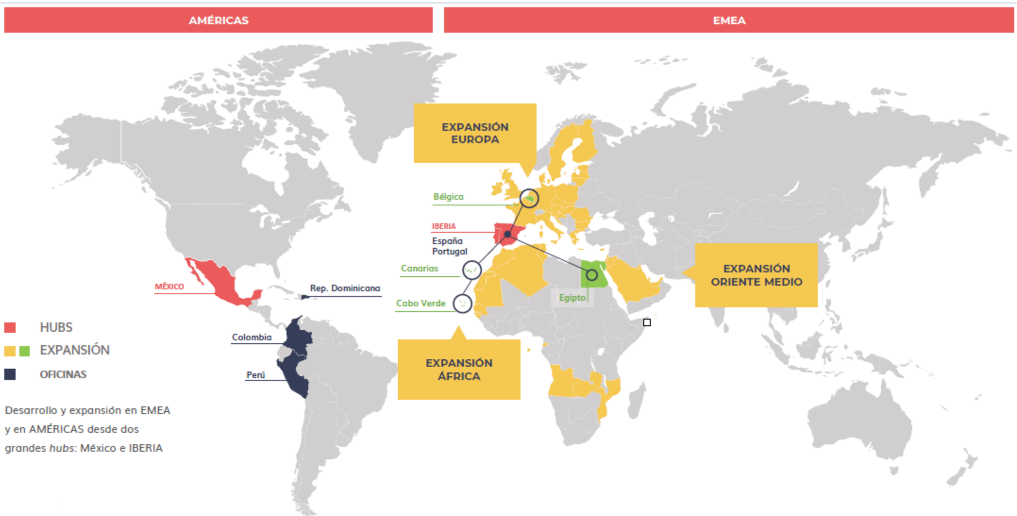
As from 2005, it began a growth period focused on government administrations and larger-sized corporate clients This allowed to further increase personnel to 50 employees in 2009, expanding the scope of action to Cantabria and the Basque Country.

In 2011, the Company changed its name to Izertis, S.L., and in 2012 the first acquisition of a company outside of Asturias was made, specifically in the Basque Country.

In 2015, Izertis entered Mexico with the first international acquisition, opening offices in Bogota and Lima, with international turnover representing 20% of the total.

In 2018, the international growth process picked up speed with the acquisition of two companies in Portugal, and in 2019 and 2020, Izertis acquired other companies and business units, and now combines organic and inorganic growth.

Nowadays, Izertis is present in 9 countries and has over 1,000 employees with projects and clients in over 50 countries. The Company has three main hubs (Spain, Portugal, and Mexico) from which all of the Group's operations stem, as we can see in the following graph.



Source: Izertis

The graph below sums up the Company's performance in recent years:

Source: Izertis

The strategy of combined organic and inorganic growth arises from the 29 acquisitions made to date and detailed below:

Year	Company	Location
1998	CHIPBIP S.A.	Asturias. *Unidad productiva*
2012	EASO INFORMÁTICA DE VIZCAYA S.A	País Vasco
2013	DHARMA INGENIERIA S.L	Madrid. *Unidad productiva*
2014	ZESTO DIGITAL S.L.	Asturias
2015	IZERTIS MÉXICO	México
2016	ALSYS S.L.	Cataluña
2016	DESINOR DATA S.A.	País Vasco
2017	INTELIGENCIA SISTEMATICA 4 S.L	Madrid
2018	DAX PRO S.A. DE C.V.	México. *Unidad productiva*
2018	ACORDIANT TECHNOLOGIES LTDA.	Portugal
2018	SPARKLEGEND CONSULTORIA LTDA	Portugal
2018	WHAT ABOUT TECHNOLOGIES S.L.	Cataluña
2018	PROGRAM MANAGEMENT OFFICE S.L	Madrid
2019	COVIRTIA S.L	Madrid
2019	DILIGENT SOLUTIONS S.L.	Santander
2019	ASESORÍA DISTRIBUCIÓN Y COMERCIALIZACIÓN INFORMÁTICA S.L.	Madrid
2019	IG BUSINESS SOLUTIONS	Portugal
2019	NTMK SERVICES S.A	México. *Unidad Productiva*
2019	SADCI - DISTRIBUIÇÃO ECOMERCIALIZAÇÃO INFORMÁTICA LIMITADA	Portugal. *Unidad Productiva*
2020	BC SISTEMAS DE COMUNICACIÓN S.L.	Cataluña
2020	OSITEL S.L.	Canarias
2020	SLA CONSULTING S.L.	Madrid
2020	SOLID GEAR PROJECTS S.L.	Valladolid
2020	TICMIND CONSULTING S.L.	Madrid
2020	QUERES TECNOLOGÍAS S.L.	Galicia
2021	3ASIDE CONSULTORS, S.L.	Cataluña
2021	REMBIC LDA.	Portugal
2021	GLOBE TESTING S.L.U. & GLOBE TESTING NORTE S.L.	Madrid & País Vasco
2021	DATA ADVISER S.L.	Madrid

Source: Izertis

2. Business model

Generally speaking, Izertis is a technological consultancy company that facilitates the digital transformation of organisations via innovation, technology, consultancy services and outsourcing of solutions.

The Company helps transform clients' business models from multiple points of views, offering solutions for the entire value chain in many industrial activities.

Since its listing in 2019, the consultancy company has lived an accelerated expansion period and is currently in a growth phase in which it is beginning to opt for large contracts in competition with the large sector players.

Izertis works with contracts of 1-2 years duration although over 60% are currently recurrent contracts. In the majority of the cases, the Company begins with small projects that usually grow in time and according to customer satisfaction. The Company currently has over half of the Ibex 35 as clients.

Izertis' turnover is concentrated in the national market, representing 81% of the total revenues at June 2021.

The Company has four main business lines (two of which are the main growth pillars):

1) Digital Transformation: has three sub-areas: i) Smart Software Lab (which channels software development projects efficiently with services such as projects and technological consultancy, custom software development, application maintenance, mobile application development, etc.), ii) Digital Transformation (DXI, which includes corporate innovation and the provision of services in Digital Transformation and Innovation) and iii) Digital Experience (DEX, which includes digital marketing services specialised in developing digital experiences such as creativity and design, SEO positioning, online advertisement, UX and web design, e-commerce, Social Media...).

   This line is the heavy weight within the Company, representing 24% turnover in 2019, 31% in 2020, and 38% in 1H21. This rise stems from both organic and inorganic growth.

2) Technological Infrastructures & Services: This activity consists of the design, provision, and operation of technological infrastructures under the following service lines: i) Data Centre Solutions, ii) Cloud Services Solutions, iii) Workplace and Mobility, iv) Communications Solutions and v) Cybersecurity. In addition, the Business Consulting, Project Management and Services sub-lines cover the following services: Business Consulting: offers a portfolio of services with a strategic focus (Process Re-engineering and Automation, Organisational Design and Operational Business Models, Competitive Analysis and Commercial Strategy); Project and Service Management: definition and implementation of programmes and project management offices; and Project Management and Service Management Solutions.

   This line represented 28% of the total turnover in 2019 and 2020, rising up to 32% in 1H21.

3) Business Operations (outsourcing): Outsourcing IT services and management of specialised resources in the digital transformation, Information Technology (IT) and consultancy.

   This line made up 23% revenues in 2019, 21% in 2020 and 17% in 1H21, reducing the weight based on the low growth of this business line, and because the Company is placing the focus on the first two divisions. In 2019 and 2020 this line fell -1% over the previous year.

4) Business Solutions: includes providing technological consultancy services aimed at the continuous improvement of customers' work processes. The main activities developed in this area are: 1) functional and technical analysis of business processes; ii) design, update, and configuration of business solutions; iii) management and quality control of business solution implementation projects; iv) training and support for the implementation of application solutions; v) corrective and evolutionary maintenance of business solutions and vi) ongoing and global support for application solutions.

   In 2019 this line represented 24% turnover, 20% in 2020 and 13% in 1H21, plummeting -23% in 1H21 due to the increasing focus on other higher margin and growth potential business lines.

The company is undertaking a process of efficiency improvement and strategic reorganisation in the last two business lines. These lines have less potential for growth and generation of added value than the Digital Transformation and Technological Infrastructure & Services divisions, and the company is seeking to optimise them so that they continue to contribute and grow in line with the sector in the future. During 2020 and 2021, this reorganisation of projects is taking place, not renewing those with less potential to generate added value in the future, and this is causing turnover in both lines to fall by double digits. This reorganisation is expected to end in 2021 and by 2022 moderate growth in these lines can resume.

Meanwhile, in the two first business lines, the Company is focusing on both organic and inorganic growth, registering very substantial hikes.

2.1 Examples of customers' evolution

In order to see this business model more clearly, below we detail two examples of how the Company is managing to increase the services provided to clients both geographically and in terms of the number of services and projects contracted.

Example 1: Industrial and service company

The first example is of an industrial and services company, a client since 2014, which has evolved and increased the services provided over the years:

In 2014 the relationship began with a study of implementing the "Remote Workplace", using Citrix technology and a regular support service for servers and communication networks in the client's installations in Spain. In 2015 and 2016 these projects continued, and following the initial study the development and implementation of the Remote Workplace project began. In addition, the regular support service for servers and communications network was expanded throughout Spain. Hardware renewal and updating of operating systems and application servers was also undertaken, using Hyper-V and VMWare technology, and lastly, support for a new department linked to industrial production was started.

In 2017 and 2018, the Company geographically expanded the mentioned support for servers and networks to countries in the south of Europe and renewal of Data Centres in Spain began.

In 2019 and 2020, Izertis reached an agreement with the client to change the support service model, which basically included maintenance tasks, catalogue of requests, and KPI measurements. In addition, a migration towards the cloud in southern Europe began and the regular support service for servers and the communications network was extended throughout Europe.

Lastly, in 2021 the development of a new project linked to the monitoring of all technological services in Europe began.

Example 2: ThyssenKrupp

Izertis began to work with the international company in 2017 to cover specific needs: the development of a scalable and flexible application to monitor in real time and remotely control elevators. Initially this application was for the plant located in Asturias.

Therefore, Izertis developed a web solution in which the monitoring and execution of orders is in real time and the data is stored in a tool to be later analysed in a dashboard or statistics.

From then until now, this application has become ThyssenKrupp's global monitoring system to control the bulk of its industrial assets such as mechanical stairs and passageways, apart from elevators.

Izertis has also incorporated other solutions for ThyssenKrupp in recent years, such as the automatic planning of the Asturias plant, quality control and management systems, time management systems in work projects and the monitoring of these.

Lastly, due to the pandemic provoked by the SARS-COV-2 and the recommendation to minimise contacts due to the high propagation grade, Izertis deployed a system based on QR codes, in which the user can use elevators without having to physically push buttons.

As we can observe, the Company has, in many cases, increased the number of services provided to a client and also the geographic footprint where services are provided.

The Company currently has over 60% recurrent revenues (i.e., 1-2 year contracts that are renewed or extended) and this percentage grows on an annual basis. The weight of the government administration is below 20% and Izertis is entering the tenders on larger contracts that it could not access before. Its size grants versatility to undertake small or large projects.

3. Inorganic growth

One of Izertis' strategic pillars is inorganic growth. The Company is one of the few to launch a strategic plan with targets for 2023 (EUR125m turnover and normalised EBITDA margin of 10%) including organic and inorganic growth, demonstrating its commitment with investors.

This commitment has been confirmed in recent years with 5 acquisitions in 2018, 6 in 2019 and another 6 in 2020, and 4 in 2021. Therefore, the Company demonstrates credibility in the inorganic growth strategy

In addition, and as mentioned, the market is conducive to this type of growth, based on the large number of targets and in many cases, these approach Izertis to sound out a corporate operation and thus grow.

In the majority of the cases, Izertis offers a projection for personnel of the acquired company and integrates its services to give clients global services. Thus, the acquired company can continue to grow, which individually demanded large investments, and the acquiring company can obtain resources, capacities, and know-how quickly and offer said services to its own clients, thus increasing its service portfolio.

Izertis has a well organised M&A process, with a specific team formed by six employees and also external collaborators that are permanently analysing growth opportunities.

Izertis' inorganic growth strategy must comply with three main criteria: i) complementary geographic presence or services to extend its activity in an area where it is already present; ii) a new product type or completely complementary with the current portfolio; and iii) possible complementarity of customers, i.e. that the company is already offering services to common clients and with the acquisition can complement the offering, or work with certain clients in certain regions and that the acquisition allows to increase this scope.

The Company also seeks cultural complementarity, that is, that the corporate culture of the two companies can be easily adapted as it is a key element to Izertis' integration strategy.

The process is divided in four phases: the first a study phase, LOI (Letter of Intentions) phase once there is an initial agreement, due diligence that confirms the information obtained and finally the SPA (Share Purchase Agreement), i.e., the final sale/purchase contract. Izertis maintains a continuous pipeline of activity in these processes, so that, at the same time, there may be one or more companies in the same and/or different phases.

Izertis also seeks targets that are well financed and with an average 10% EBITDA margin. The usual EV/EBITDA ratio is historically around 6-9x according to past operations, and the main synergies usually refer to revenues.

Therefore, we incorporate inorganic growth to our estimates, as we consider it a part of the Company's strategy and there is a public commitment by Izertis to achieve normalised revenue and EBITDA by 2023 including organic and inorganic growth.

Source: Izertis

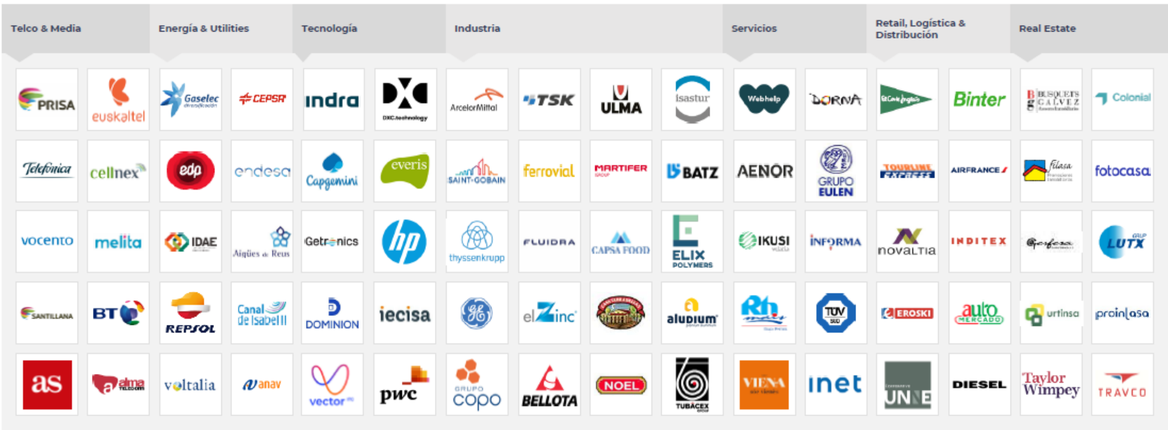
4. Izertis' competitive advantages

Within the mass differences that exists in the market, the Company has four, differentiating advantages thus can outperform peers:

1) Tactic provider within clients' value chains: the Company is small in comparison with larger sector players, but also has a specialised team with a differential service portfolio and is highly technical in the digital transformation segment. This combination allows to undertake all types of projects that larger peers do not carry out as these are not strategic projects and smaller companies do not have the capacity to realise these either.

2) Diversified customer portfolio per sector and market as well as high credit quality Regarding the concentration of clients, the Top 10 contribute 30% to turnover and the Top 20 around 40%, thus fragmentation is relevant. As we can observe in the following charts, the number of clients per sector is very high and is present in almost all areas of activity. Izertis' large service portfolio and its flexibility grants wide-spread possibilities, covering client's total value chain. In addition, in many sectors there is a "call effect" which implies realising similar projects in companies of the same sector that have seen the success of a competitor's project. The following tables show the larger number of clients and variety of sectors in which Izertis provides its services.

Source: Izertis



Source: Izertis

3) Broad offering without dependence on sectors or business lines. The wide-spread service portfolio allows to offer many solutions to clients in many of their operating areas.

Source: Izertis

4) Sector windtails: Digitalisation processes in companies have accelerated due to the Covid-19 impact and will be further boosted with the Next Generation funds that Spain will receive within the EU's Recovery Plan. These types of funds could be used by companies to improve their digitalisation and companies such as Izertis could benefit from the higher budget in this arena.

The four points above form part of a company that is strongly focused on R+D+i, with continuous projection towards services characterised by being at the forefront of the technology.

5. Market Analysis

The Company operates within the consultancy market, namely technology.

The Spanish Association of Consultancy Firms (AEC) publishes an annual report on the sector's situation. The latest report with 2020 data shows a 0.1% growth in activity, affected by the impact of Covid-19 although with a significantly better performance than the national GDP (-10.8%). For 2021, the agency estimates a growth of 6.2%, recovering the path seen in recent years.

Source: AEC

Therefore, the outlook for the Company at the sector level is very positive, as we believe that the consultancy sector could have a quick recovery and more so, in areas related with the digital arena, as many companies are transforming their activities to a more digital environment and enter directly in Izertis' specialisation.

The consultancy sector is, in addition, strongly linked to the GDP and all international organisations coincide in setting a growth for the Spanish GDP in coming years, sharper in 2021, 2022 and 2023, and stabilising going forward to around 2% per year.

Taking a deeper look at the sector in which Izertis operators, it is important to understand the configuration of the technologic consultancy market in Spain and Portugal (Izertis' main markets) to later understand the Company's investment case.

The market is greatly fragmented with many small companies (turnover below EUR1m), with specialised services in niches and advanced technology, but lack the economic possibilities to grow and gain size. On the other side, there are just 15 large companies in Spain with turnover above EUR200m.

This makes inorganic growth necessary to survive in the market, because the increase in demand for capacities and services on behalf of clients cannot be covered just with organic growth. Various studies indicate that in Spain there are some 650 companies in the sector, of which only 100 bills over EUR10m per year. Therefore, fragmentation is a key element to understand the market's future.

The following table shows a summary of the market configuration, with estimated 2020 data, previously explained:

Source: Izertis. And GVC Gaesco Valores

In addition is the current shortage of technological profiles in Spain and the high turnover rate of this type of employee. The release of million-dollar budgets for the digitalisation of many companies has led to an acceleration in the demand for profiles that has clashed with a supply that is unable to meet this high demand. And in addition, the phenomena such as working remotely have helped to attract talent in a delocalised manner, but there is still a need for a large mass of specialised labour.

This means that the most efficient and quickest manner to grow and acquire capacities is via inorganic growth, as the training of profiles in technical and specific matters is long and arduous.

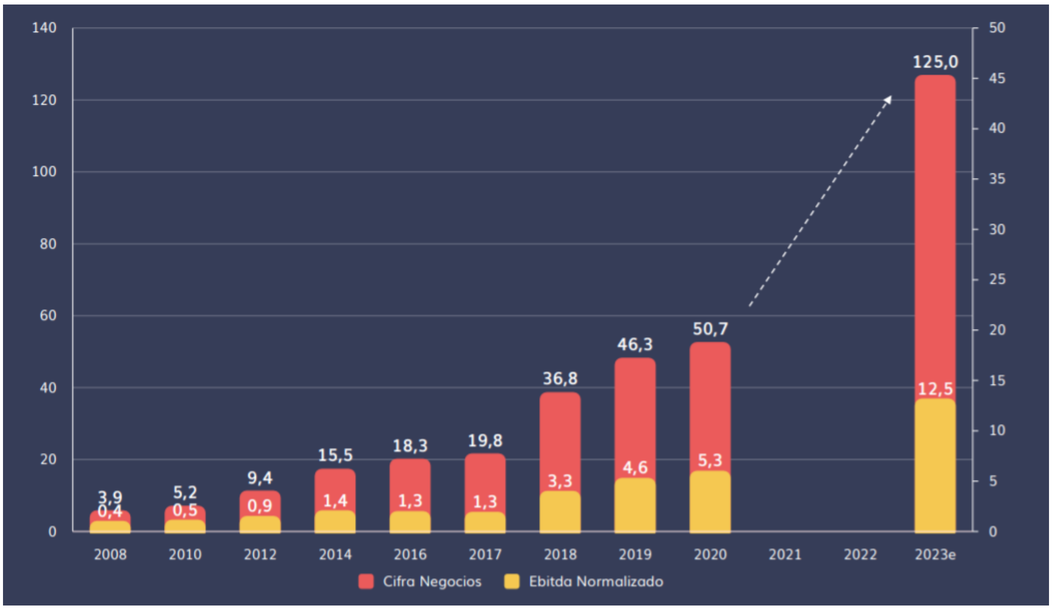
6. 2020 – 2023 Strategic plan

On 31 January 2020, just two months since its listing, Izertis announced its target for 2023: EUR125m revenues and a normalised EBITDA of 10%.

As mentioned, this plan includes both organic and inorganic growth as an inherent part of the Company's progression. The strategy leans on 5 strategic pillars, summed up below:

Source: Izertis

It is noteworthy that despite the strong impact of the Covid-19 pandemic on the sector (as noted in the market analysis), the Company has not changed its target, which it continues to reiterate in numerous communications to the market:



Source: Izertis

As we can observe in the graph, the Company has proven credibility in terms of growth. The CAGR 2010-20 revenues and EBITDA reached 25% in both companies. The CAGR 2017-20 revenues reached 37% and EBITDA 60%. And finally, the estimated CAGR 2020-23 is of 35% in revenues and 33% EBITDA, which we consider reasonable in light of trailing data.

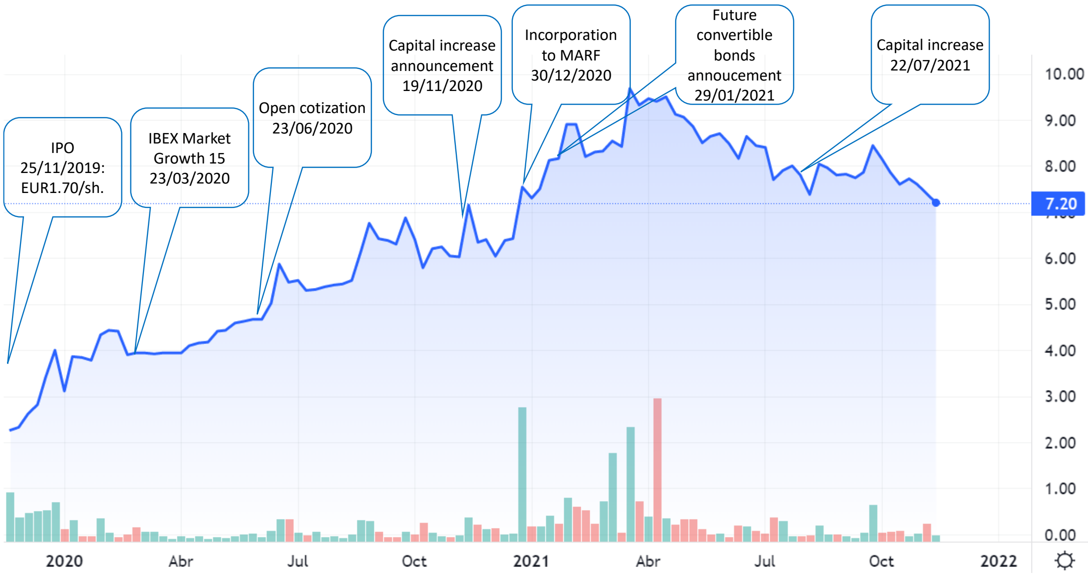
Izertis confirms its aim to generate long term value by setting the 2023 targets and not short-term estimates, due to the highly dynamic sector. Thus, the Company seeks to find a shareholder structure committed to long-term value generation.

Taking the above into account (organic growth above the sector and successful acquisitions), we believe that Izertis will reach a normalised EBITDA margin above the Company's target (11.1% vs. 10%) based on 2020 results and 2021 estimates.

7. Izertis in the stock market

Izertis was listed to BME Growth on 25 November 2019 at EUR1.7 per share following a capital increase of EUR3.4m. The Company's value at the time was EUR33m.

The Company has grown substantially in two years, both in terms of trading price and volume traded. The market performance and main milestones are as follows:



Source: Tradingview & GVC Gaesco Valores

Izertis currently trades at EUR7.2 per share (x4.2 vs. listing price) and the market cap is EUR168m.

Regarding volume traded, the stock has also performed very well since November 2019 according to BME Growth data. We highlight the growing interest on behalf of the investment community, also seen in the volumes traded in euros, increasing from EUR11.6m in 2020 to EUR31.8m up until November 2021.

Negotiated volume	shares (k)	Var %	euros (k)	Var %
2019	702		1,941	
2020	2,188	212%	11,640	500%
2021 (until 26/11)	3,892	78%	31,774	173%

Source: BME Growth

8. Management & Shareholder structure

The Board of Directors is made up by 8 members:

- Pablo Martín: Izertis' Founder, Chairman and CEO, through Laren Capital, S.L.U.
- Sheila Méndez Núñez: Proprietary Director, Director of the Digital Transformation Area.
- Lourdes Argüelles García: Proprietary Director, Chief Financial Officer.
- Manuel Rodríguez Pasarín: Proprietary Director, Director of the Technological Infrastructures & Services Area.
- Diego Cabezudo Fernández de la Vega: Independent Director. CEO of Gigas Hosting, S.A.
- Arturo Díaz Dapena: Proprietary Director. Partner of the Kreston Iberaudit Asturias office and Executive Vice-President of Kreston Iberaudit. President of the 9th Territorial Group of the Instituto de Censores Jurados de Cuentas (ICJCE).
- Carlos Sartorius Witte: Independent Director.
- Jaime Echegoyen Enríquez de la Orden: Independent Director.

The Company has strengthened the profile of its corporate bodies in recent months, both in the Board of Directors and in the Management Team, with the incorporation of several top-level executives. Izertis is incorporating external talent to reinforce the Company's structure and make it more robust and experienced.

Carlos Sartorius, former Executive Vice President of Sales and Services at Citrix Global, Vice President and General Manager of HP Networking at HP, Global COO at Orange, Vice President of Avaya EMEA and Vice President and General Manager of Motorola EMEA, as well as Jaime Echegoyen, former CEO of Bankinter and Barclays Spain and Chairman of the Trade & Working Capital (TWC) fund, have joined the Board of Directors.

Related with the Management Team, in February, Rafael Cavanillas joined the company as Head of Investor Relations and Corporate Development, his past experience was in Ahorro Corporación, Azkar and Vueling. In May, Segor Teclesmayer joined the company as Director of People & Culture, coming from Everis and KPMG; in June, Irene Sáenz de Santa María joined the company, who heads the Legal Counsel department and has extensive experience in various prestigious Spanish law firms in advising listed companies and companies subject to the control of the CNMV. In September, Pablo Morales joined to head the Sales and Marketing Department, with previous experience in Ricoh Spain and Oracle.

The shareholder structure is controlled by management (including the chairman who holds 59.2% through Laren Capital, S.L.U) and holds the majority as seen in the following table.

Shareholder´s structure Nov 2021	
Shareholders	%
Laren Capital, S.L.U.	59.2%
Management Team	15.3%
Santander AM	2.0%
Others	23.5%

Source: BME Growth

The alignment of interests between the management team and shareholders can be seen, which confirms the long-term commitment of the directors.

9. Corporate events in 2021

Acquisitions realised in 2021

- On 13 April 2021, the Company announced the acquisition of 100% of 3Aside Consultors, S.L., a Barcelona-based consulting firm specialising in the development of turnkey technology applications.

  The company had a turnover in 2020 of more than EUR4m with an EBITDA of EUR0.34m, as well as a net cash position of EUR857k.

  The transaction was closed at EUR3.75m with a maximum variable of EUR0.6m linked to 2021 results. The payment was made in cash and shares.

  3Aside Consultors, S.L., has important clients in sectors such as banking, insurance, pharmaceuticals, energy or public administrations, and brings a great technical team with extensive experience in software development projects, where its portfolio of specific solutions for human resources and process improvement stand out.

- On 30 April 2021, the Company announced the acquisition of 100% of the Portuguese company Rembic LDA (Rebis Consulting), specialised in Data & Intelligence.

  The company had a turnover in 2020 of EUR.1.4m, an EBITDA of EUR15k and a net financial debt of EUR154k.

  The transaction was closed at EUR0.7m with a maximum variable of EUR1.3 linked to 2021 results. The transaction was paid with treasury shares and cash.

  Rembic, Lda. is currently one of the reference SAP partners in Portugal, positioning itself as a strategic player in specialties such as SAP Analytics Cloud, SAP Hana, Business Intelligence or Data Services, among important clients in sectors such as banking, energy, insurance, retail, food, or telecommunications.

- On 1 July 2021, Izertis announced the acquisition of 100% of two companies: Data Adviser, S.L. and Globe Testing, with which it will increase its portfolio of services in the specialities of testing, consulting, cloud development, facilities and infrastructure management, and server and application virtualisation.

  Data Adviser, S.L., focuses its activity on software development through DevOps processes for large corporations. It also has extensive experience in the implementation of virtualisation solutions, cloud developments, facilities and infrastructure management and data governance. Its clients include well-known firms in banking, insurance, logistics and construction.

  In 2020 it had a turnover of EUR1.7m, an EBITDA of EUR0.1m and a net financial debt of EUR0.35m.

  The transaction was closed at EUR0.3m with a maximum variable of EUR0.6m linked to 2021 results payable in shares and cash.

  Globe Testing, meanwhile, comprises two companies specialising in cloud development, facilities and infrastructure management and server and application virtualisation, which carry out functional, performance and security software testing. Its clients include companies in the telecommunications, banking, insurance, airlines, and construction sectors, mainly in Spain, Switzerland, and Germany.

  In 2020 it had a turnover of EUR2.9m, an EBITDA of EUR0.264m and a net cash position of EUR0.46m.

  The transaction was closed at a price of EUR3.2m with a maximum variable of EUR6.8m depending on 2021 and 2022 results. The payment has been split in shares and cash.

  The summary of the various business combinations and accounting record is as follows:

	30/06/2021
Coste de la combinación de negocios	
Importe pagado	3.630.621
Efectivo	1.791.794
Instrumentos de patrimonio emitidos	1.838.827
Instrumentos de patrimonio pendientes de emitir	1.200.002
Subrogación de deuda	172.807
Importe pendiente	4.787.378
Activos Adquiridos	
Inmovilizado intangible	219.642
Inmovilizado material	137.770
Inversiones financieras a largo plazo	238.039
Activos por impuesto diferido	129.400
Existencias	547
Deudores comerciales y otras cuentas por cobrar	1.691.501
Otros activos financieros a corto plazo	114.267
Periodificaciones a corto plazo	3.041
Efectivo y otros activos líquidos equivalentes	2.301.603
Pasivos Asumidos	
Provisión para retribuciones y otras prestaciones	90.000
Deudas a largo plazo	1.091.466
Impuesto diferido	239
Deudas a corto plazo	181.027
Periodificaciones a corto plazo	66.931
Acreedores comerciales y otras cuentas a pagar	1.356.085
Valor razonable de los activos adquiridos y los pasivos asumidos en los negocios adquiridos	2.050.062
Fondo de comercio	**7.740.746**

Source: Izertis

Relevant events in 2021

Below we sum up several events that have occurred in 2021 and that are important to understand the Company's current situation:

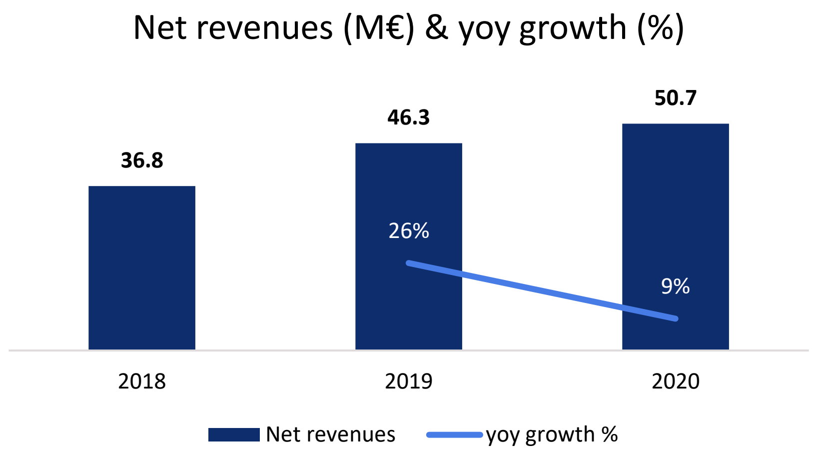
- In January the first issue of promissory notes for EUR5m was closed, maturing in 4 months with a 1% interest rate. This issuance forms part of a promissory notes program for a total of EUR30m maturing on 30 December 2021.
- At the end of January, the signing of a EUR4m finance agreement with Inveready through the issuance of convertible bonds was announced. The interest rate is 3.5% with a PIK of 3.5% and maturing in December 2026. The conversion would be at EUR7.65 per share within a minimum period of 18 months since issuance. Following this issuance, Inveready could appoint a representative ex-voting rights to Izertis' BoD.
- In February the EUR5m capital increase announced in November 2020 was closed (at EUR4.88 per share) incorporating 1,024m Izertis shares.
- In March, the local industrial group Melca acquired 1.2% of the Company at EUR7/sh.
- In April, Santander Asset Management acquired 2% of the Company at EUR8/sh.
- In April, a second promissory notes issuance for EUR7m took place, with maturity in 3 and 12 months and interest rate of 0.9% and 1.1%, respectively following the maturity of the first issuance.

- In July, a capital increase ex-preference subscription rights for EUR3.8m was announced, to give entrance to new institutional investors. The capital increase amounted was at EUR7.67 per share.
- At July, the third promissory notes issuance for EUR3m took place, maturing in 3 months and 0.82% interest rate.
- Finance obtained from Banco Santander via Smart Fund for EUR10m in September. This amount will be disbursed in two EUR5m tranches at the end of 2021 and another during 2022. The principal matures in July 2027.
- In October the fourth promissory note issuance for EUR7.3m, maturing at 90 day and 0.702% interest was realised.

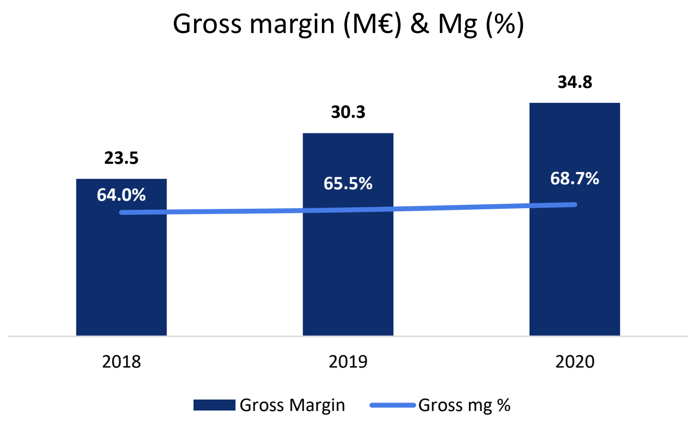
10. Performance 2018-2020

Since Izertis' listing in November 2019, the Company has grown substantially combining the organic and inorganic effects.

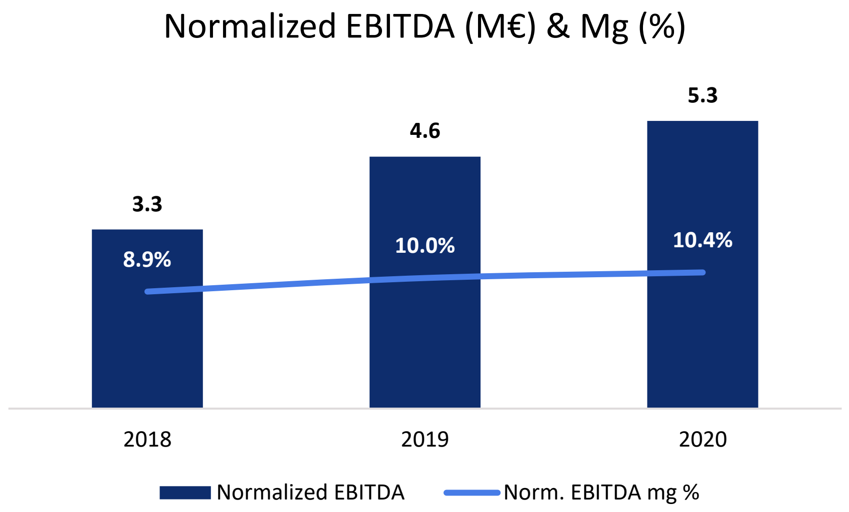
As detailed above, in 2018 the Company acquired 5 companies, carried out 6 M&A operations in 2019, and another 6 in 2020, thus the substantial growth. We must bear in mind that as from 2019 in particular, the Company has been adjusting the projects to be carried out in the Business Operations and Business Solutions' lines to focus on wider margin and added value activities and this is affecting the Group's growth. This effect, plus the Covid on some projects led to the lower growth in 2020 vs. previous years (+9%).



Beyond the M&A impact, the better operating and efficiency levels are reflected in the wider gross margin, which has grown substantially in recent years. This implies that the acquisitions are bringing about synergies in both revenues and costs and that the Company is not just getting "fatter" but is carrying out higher added value projects and these are undertaken with greater operational efficiency.



Regarding EBITDA, the Company reports the so-called normalised EBITDA, which excludes one-offs and extraordinaries from the calculation. The better margins seen previously are also realised at the EBITDA level and each year higher ratios are achieved, even above the 10% target included in the 2020-2023 strategic plan.



In short, a noteworthy growth trend since Izertis' listing, reflected in the inorganic growth strategy accompanied by organic growth, with a higher number of clients and services offered, as observed in the two cases presented.

In terms of working capital management, the Company has a business that traditionally does not require major variations in this regard. Its average collection period is c.60 days, and the average payment period is c.50 days. In addition, as mentioned above, the consultancy firm launched a promissory note programme this year to help manage working capital in years of high M&A activity such as the current one. Being listed on the BME Growth and having an Axesor rating (BB) allows the maximum EUR30m via this finance channel. Currently, Izertis has issued promissory notes for a total amount of EUR8.3m.

For short-term finance, the Company also uses non-recourse factoring, reaching EUR3m at June 2021.

Important to point out, Izertis uses a prudent accounting criteria in which it registers the variable payments in the balance sheet as agreed in the M&A operations such as payment obligations. Thus, if targets are not met these promissory notes are reverted.

11. 1H21 results

Izertis released 1H21 results, presenting strong growths, the majority thanks to inorganic growth as acquisitions made were initially consolidated in April.

For information purposes only, we have included 1H19 data to have a better pre-Covid perspective.

IZERTIS. POST-H1'21 RESULTS.

EURm	H1'19	H1'20	H1'21	Δ% y/y
Total income	**22.66**	**25.18**	**31.71**	**26.0%**
Digital Transformation	4.58	6.47	11.63	79.9%
Technological Infrastructures & Services	6.17	7.53	9.60	27.4%
Business Operations	5.60	5.42	5.11	-5.8%
Business Solutions	5.31	5.00	3.86	-22.7%
Others	0.11	0.00	0.07	1921.9%
Other income (non operative)	0.90	0.76	1.44	88.8%
Supplies	**-8.24**	**-7.92**	**-8.61**	**8.7%**
Gross margin	**14.42**	**17.26**	**23.10**	**33.9%**
% gross margin	*63.6%*	*68.5%*	*72.8%*	*4.3pp*
Personnel costs	-10.44	-14.11	-18.41	30.5%
Other general costs	-2.23	-1.72	-2.00	16.5%
Other results	-0.03	0.22	0.05	-76.6%
Impairment & Results of sale of assets	0.00	0.00	0.00	n.a
EBITDA	**1.71**	**1.65**	**2.75**	**67.0%**
other non recurrent costs	0.00	0.25	0.31	24.4%
Normalized EBITDA	**1.71**	**1.90**	**3.06**	61.3%
Normalized EBITDA mg (%)	***7.8%***	***7.8%***	***10.1%***	***2.3pp***
EBIT	**0.19**	**0.04**	**0.52**	**1080.5%**

Source: Izertis & GVC Gaesco Valores

Included as non-recurrent costs are those related to personnel restructuring (EUR239k) and costs derived from M&A operations (EUR74k).

One of the more relevant aspects is the gradually increasing weight of revenues from the Digital Transformation division, reaching almost 40% thanks to the organic and inorganic growth in this business line.

On the subject of costs, the rise in gross margins stand out thanks to the synergies generated post-acquisitions. Personnel costs increase greatly due to the acquisitions and hiring of qualified profiles. However, other operating costs grow below revenues due to the efforts in optimising expenses.

Depreciations continue high due to the amortisation of good will and the “relations with client” epigraph arising from the intense M&A activity. Although these costs do not imply cash outflow, these do affect EBIT and net profit.

The financial net debt reached EUR16.5m, i.e. 2.6x ND/normalised EBITDA LTM.

Organic/inorganic growth analysis per business lines.

Digital Transformation:

In 2020, 3 companies were acquired: TicMind, Solid Gear Projects and Queres. The three entered the consolidation perimeter on 1 July 2020 thus had a positive inorganic impact in 1H21. The total turnover of the three companies according to the data reported at the time of acquisition was EUR4.4m in 2019, thus we estimate EUR2.2m in 2021.

In 2021, 4 companies were acquired but all were included in the consolidation perimeter on 1 April. The companies 3Aside, Globe Testing and Rebis Consulting are 100% included in the Digital division; whereas Data Adviser is included at 50%.

The total turnover of the four companies is EUR10.1m per year, thus the inorganic impact in 1H21 is of one quarter (with a company at 50%) and rises to EUR2.3m.

In total in 1H21, we estimate an impact of EUR4.5m proceeding from inorganic growth, whereas the total variation in the business line was of EUR5.2m. We therefore estimate EUR0.7m to be organic growth, i.e. +10.3%.

Technological Infrastructures & Services:

In this business line, the only inorganic impact in 1H is the other 50% of Data Adviser, i.e. EUR0.2m. Bearing in mind the total variation of EUR2.1m in 1H, we estimate organic growth (EUR1.9m) to be of 25%.

Business Operations:

In 2020, Izertis acquires SLA Consulting which contributes EUR0.94m annual turnover and entered the consolidation perimeter on April 1st.

Therefore, we estimate an inorganic impact of EUR0.235m in 1H21.

Bearing in mind that the half-year variation in the activity was EUR-0.3m, the organic impact would be EUR-0.5m, -10%.

Business Solutions:

No inorganic impacts in 1H21.

IZERTIS. POST-H1'21 RESULTS. Organic & Inorganic

EURm	H1'20	H1'21	Δ% y/y	Inorganic H1 21	H1'21 organic	Δ% y/y org.
Net income	**24.41**	**30.20**	**23.7%**	**4.93**	**25.27**	**3.5%**
Digital Transformation	6.47	11.63	79.9%	4.50	7.13	10.3%
Technological Infrastructures & Services	7.53	9.60	27.4%	0.20	9.40	24.7%
Business Operations	5.42	5.11	-5.8%	0.23	4.88	-10.0%
Business Solutions	5.00	3.86	-22.7%	0.00	3.86	-22.7%

Source: GVC Gaesco estimates

12. Our estimates for 2021-2027

As in the section on 1H21 results, we must analyse the inorganic impact from acquisitions made during the last two years to estimate 2021 full year results

In the Digital Transformation division, the impact on annual results, according to the previous section, would be around EUR9.1m.

Organic growth in 1H21 reached -10%. Our estimates are higher for 2H as the acquisitions have enabled incremental sales of services to customers from the acquired companies and several relevant contracts have been signed. We therefore estimate FY21 revenues of around EUR27m, representing c.+15% organic growth for the year.

In the Technological Infrastructures & Services division, the inorganic impact is of EUR0.6m for 2021. Organic growth registered +25% in 1H and we expect a similar tend in 2H, reaching an estimated EUR18.1m revenues and 24% organic growth.

In Business Operations, the impact would be EUR0.2m. In organic growth, and following the -10% at 1H, we estimate -5% in 2H to close the year with EUR10m revenues.

For Business Solutions we estimate -20% in 2H21.

IZERTIS. POST-FY'21 RESULTS. Organic & Inorganic

EURm	Organic H2 21e	FY'21e inorganic	FY'20	FY'21e	Δ% y/y	Δ% y/y org.
Net income		**9.90**	**50.50**	**63.64**	**26.0%**	**6.4%**
Digital Transformation	15-20%	9.10	15.61	27.16	74.0%	15.7%
Technological Infrastructures & Services	c.25%	0.60	14.16	18.27	29.0%	24.8%
Business Operations	c.-5%	0.20	10.54	10.06	-4.5%	-6.4%
Business Solutions	c.-20%	0.00	10.19	8.15	-20.0%	-20.0%

For 2022, we estimate an impact of EUR2.3m from inorganic growth in the Digital Transformation division and EUR0.2m in Technological Infrastructures & Services, due to the consolidation of acquisitions on April 1 2021.

As mentioned, the Company announced a guidance of EUR125m revenues and normalised EBITDA of 10% for 2023.

We use the mentioned data as the base for our estimates, as indicated in organic and inorganic growth section.

Regarding organic growth, we estimate an average 10% growth in coming years, with increasing weight of the Digital Transformation and Technological Infrastructures & Services divisions, which are the two areas that contribute more added value to the Company. For these two business lines we estimate CAGR 21-17e 12% organic.

In our estimates going forward, we believe that the strategic restructuring has been completed in the Business Operations and Business Solutions divisions to later focus on activities with wider margins. We estimate growth in these two divisions to be in line with the consultancy market, as these are expected to maintain the same trend. CAGR 21-27e 4-5% for both lines.

In our opinion, the Company will benefit from the strong growth to be seen in the sector in coming years, and thanks to its inorganic growth strategy, organic growth will be boosted as there would be more services offered to clients with an also wider geographic coverage.

On the subject of inorganic growth, we estimate acquisitions of up to EUR40m during the next two years to later reach EUR125m revenues in 2023. We maintain our estimated inorganic growth of EUR12.5m additional revenues per year until 2027, as we believe the Company will maintain its combined organic/inorganic growth strategy. According to Izertis' strategy, these acquisitions would have an average EBITDA of 10% and would be realised at EV/EBITDA 8-9x, thus the total disbursement until 2023 would reach EUR40m.

We estimate M&A disbursements as from 2022 to be split: 60% in the year of acquisition and the rest distributed in 3 years. This is the model used in our estimated cash flows.

The Company has EUR5.6m of outstanding payments in 2022 and 2023 from acquisitions made in previous years that we estimate will be spread over both years.

The following tables shows the breakdown of payments to be made in coming years:

	2022	2023	2024	2025	2026	2027
Ingresos M&A	19,000,000	20,500,000	15,000,000	15,000,000	15,000,000	15,000,000
Capex M&A	18,810,000	20,295,000	14,850,000	14,850,000	14,850,000	14,850,000
Salida de caja	14,086,000	17,484,373	14,320,647	15,574,334	15,574,334	14,848,515
Pago inicial 60%	11,286,000	12,177,000	8,910,000	8,910,000	8,910,000	8,910,000
13% diferido año 1		2,507,373	2,705,324	1,979,505		
13% diferido año 2			2,705,324	2,705,324	2,705,324	
13% diferido año 3				1,979,505	1,979,505	1,979,505
Otros pagos M&A 2021 y anteriores	2,800,000	2,800,000			1,979,505	1,979,505

Estimates: GVC Gaesco Valores

Based on the above, we estimate a negative FCF during the next 3 years due to the intense M&A activity. As from 2025 a certain stability should be achieved with EBITDA reaching EUR20m and the Company becoming a net cash generator, growing rapidly as M&A moves stabilise and EBITDA grows.

IZERTIS. CF BREAKDOWN (EURm)

	2021e	2022e	2023e	2024e	2025e	2026e	2027e
EBITDA	**6.5**	**9.9**	**13.5**	**16.4**	**19.5**	**22.9**	**26.5**
Organic Capex	-1.6	-1.7	-1.9	-1.8	-1.7	-1.8	-2.0
M&A Capex (cash)	**-1.8**	**-14.1**	**-17.8**	**-13.0**	**-13.5**	**-13.5**	**-12.4**
Finance + Taxes	-0.8	-1.7	-2.4	-3.0	-3.6	-4.3	-5.0
WC	**-2.7**	**-0.5**	**-0.4**	**-0.1**	**0.0**	**0.2**	**0.3**
FCF	-0.3	-8.1	-8.9	-1.5	0.7	3.5	7.4
/ Sales	***0%***	***-9%***	***-7%***	***-1%***	***0%***	***2%***	***3%***

Source: Izertis & GVC Gaesco Valores Estimates

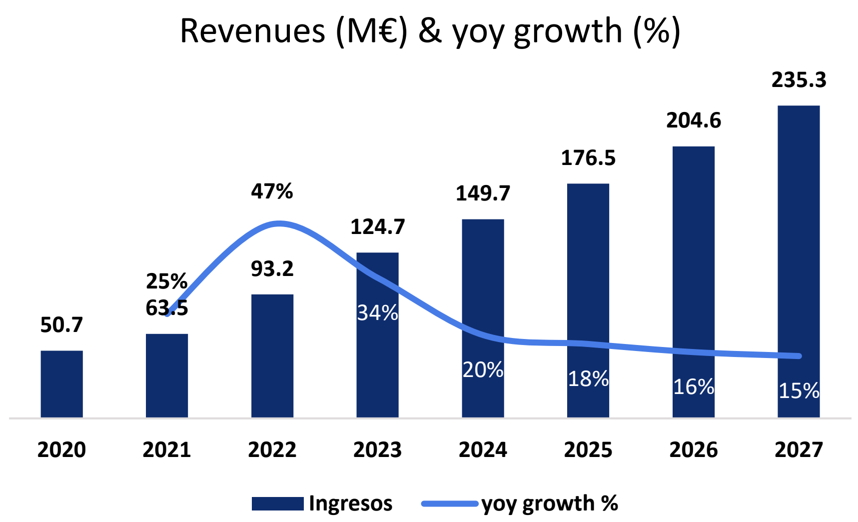
To finance this growth, the Company counts on a strong cash position, estimating EUR35m at 2021 thanks to the incoming funds from the capital increase, the convertible bond signed with Inveready and the Smart Fund finance obtained with Santander, as mentioned earlier in this report

According to our estimates, the Company's cash needs would result in maintaining a ND/EBITDA of 2x during the next four years, that will begin to drop as from 2024 when stability is achieved in FCF.

DEBT NET CALCULATION	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Debt net at closing	14.2	22.3	31.3	33.0	32.4	29.1	21.5
EBITDA	6.5	9.9	13.5	16.4	19.5	22.9	26.5
DN/EBITDA	2.2x	2.2x	2.3x	2.0x	1.7x	1.3x	0.8x

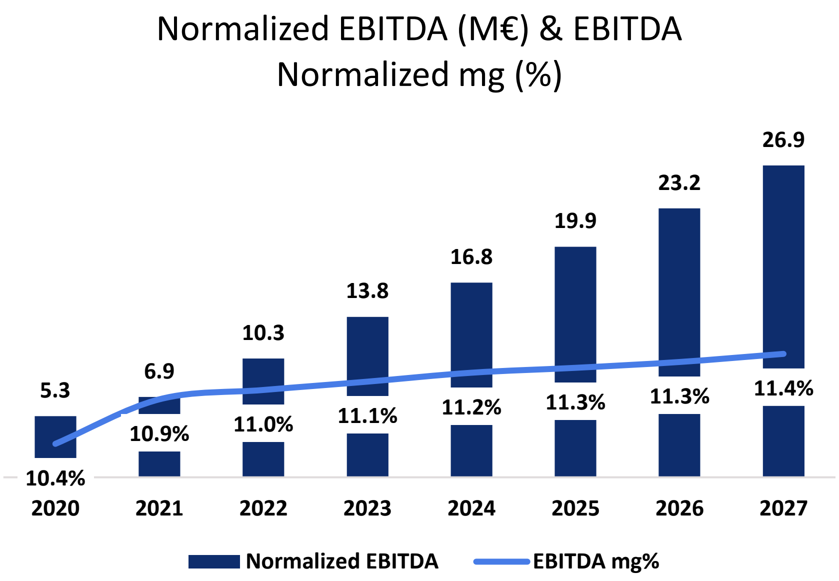
Source: Izertis & GVC Gaesco Valores Estimates

Consequent of the combination of organic growth (CAGR 21-27e 10%) and inorganic growth (as detailed), the Company presents the following revenues:



Meanwhile, at normalised EBITDA level (from which we extract c. EUR0.3m annually for M&A expenses) the Company is slightly below 11% in 2021e and we estimate this margin to grow YoY thanks to the increase in higher value-added services and an improvement in the Company's processes. Although it is true that the business operations themselves do not allow margins to grow more significantly, as these are usually projects with a substantial workload, and shortage in skilled workforce which means that wages tend to be high.

Despite it, we believe Izertis would be capable of progressively improving the normalised EBITDA margin in coming years. Our 2023 forecasts points to 11.1%, 110bp above the Company's strategic plan (10%). Consequently, we estimate a normalised EBITDA of EUR13.8m in 2023, above the Company's EUR12.5m target included in the strategic plan.



On the other hand, our 2027 estimates point to revenues of EUR235m and EUR27m normalised EBITDA, which would rank Izertis third among the sector companies included in the market analysis section. These estimates are reasonable and attainable in light of Izertis' growth profile, the increasing demand for its services and macro trends that will benefit the Company.

13. DCF

According to the above, we reach a fair value of EUR9.7 per share, which shows an upside potential of 35% at current market price. To reach this value, we employed a WACC of 8.5% and g=3%. The terminal value represents 87.9% and EV/EBITDA 11.31x.

We have included an additional 0.5m shares to the total 23.4m trading shares having included the convertible bonds subscribed in 2021 with Inveready for EUR4m.

IZERTIS. DCF VALUATION

CASH FLOW (EURm)	**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**VR**
Sales	36.759	46.349	50.741	63.489	93.173	124.683	149.692	176.481	204.623	235.307	266.257	299.968	336.683	346.783
EBITDA	**3.277**	**3.975**	**7.656**	**6.531**	**9.929**	**13.515**	**16.445**	**19.545**	**22.850**	**26.544**	**30.425**	**35.051**	**39.872**	**42.377**
EBITDA M.	*8.9%*	*8.6%*	*15.1%*	*10.3%*	*10.7%*	*10.8%*	*11.0%*	*11.1%*	*11.2%*	*11.3%*	*11.4%*	*11.7%*	*11.8%*	*12.2%*
DDA	-2.012	-3.012	-3.879	-5.587	-6.919	-8.391	-9.267	-10.143	-11.020	-11.896	-12.597	-13.298	-13.999	-14.912
EBIT	**1.265**	**0.963**	**3.777**	**0.944**	**3.010**	**5.124**	**7.177**	**9.402**	**11.831**	**14.648**	**17.828**	**21.753**	**25.873**	**27.465**
Effective tax rate	*-35.2%*	*-29.6%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
NOPLAT	1.711	1.248	2.833	0.708	2.257	3.843	5.383	7.051	8.873	10.986	13.371	16.315	19.405	20.599
Depreciation&other provisions	2.012	3.012	3.879	5.587	6.919	8.391	9.267	10.143	11.020	11.896	12.597	13.298	13.999	14.912
Gross Operating Cash Flow	**3.723**	**4.260**	**6.712**	**6.295**	**9.176**	**12.234**	**14.650**	**17.195**	**19.893**	**22.882**	**25.968**	**29.613**	**33.404**	**35.511**
Capex	-1.603	-2.456	-1.641	-3.372	-15.756	-19.681	-14.792	-15.216	-15.291	-14.418	-13.179	-13.113	-13.067	-10.646
Capex/sales	*4.4%*	*5.3%*	*3.2%*	*5.3%*	*16.9%*	*15.8%*	*9.9%*	*8.6%*	*7.5%*	*6.1%*	*4.9%*	*4.4%*	*3.9%*	*3.1%*
Change in Net Working Capital	0.000	0.162	0.497	-2.664	-0.519	-0.351	-0.140	-0.014	0.178	0.257	0.347	0.451	0.569	0.500
Cash Flow to be discounted	**2.120**	**1.966**	**5.568**	**0.258**	**-7.099**	**-7.798**	**-0.282**	**1.964**	**4.779**	**8.720**	**13.136**	**16.950**	**20.905**	**25.364**
DCF VALUATION (EUR m)														
WACC				8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Discount Rate factor				1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.57	0.52	0.48	0.44
Discounted Cash Flow				0.258	-6.546	-6.630	-0.221	1.420	3.185	5.358	7.442	8.854	10.069	
Cumulated DCF				0.258	-6.287	-12.917	-13.138	-11.719	-8.534	-3.176	4.266	13.120	23.188	

WACC & DCF ANALYSIS					
Free Risk Rate (10y Govn. Bonds)	3.5%	Cumulated DCF	23.19	- Net Financial Debt (20e) **	9.7
Company Risk Factor or Beta	1.3	Perpetual Growth Rate (g)	3.0%	- Minorities (estimated value)	0.2
Mkt Risk Premium	5.0%	Normalised Annual CF	25.36	+ Associates	0.0
Cost of Equity (Ke or COE)	9.9%	Terminal Value at Nominal Year	478.81	- Pension underfunding	0.0
Cost of Debt (gross)	5.5%	Disc. Rate of Terminal Value	0.44	- Off-balance sheet commitm.	0.0
Debt Tax Rate	25.0%	Discounted Terminal Value	212.63		
Cost of Debt net (kd or COD)	4.1%			Equity Market Value (EUR m)	232.0
Target Gearing (D/E) or % Kd	25%	Financial assets	6.2	Number of shares (m)	23.9
% Ke	75%	**Enterprise Value (EURm)**	**242.0**	**Fair Value per share (EUR)**	**9.70**
Normative Tax Rate	25%			Price (EUR)	7.2
WACC	**8.5%**			Potential upside (downside)	35%

Source: GVC Gaesco Valores Estimates

The implied multiples are:

	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EV/Sales	3.8x	2.6x	1.9x	1.6x	1.4x	1.2x	1.0x	0.9x	0.8x	0.7x
EV/EBITDA	37.0x	24.4x	17.9x	14.7x	12.4x	10.6x	9.1x	8.0x	6.9x	6.1x
P/E	1265.8x	182.3x	86.2x	56.0x	40.3x	30.6x	23.9x	18.9x	15.0x	12.3x

Sensitivity analysis:

DCF VALUATION SENSITIVITY. WACC vs. g

		Perpetuity growth rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
W.A.C.C.	8.0%	9.23	10.08	11.11	12.37	13.95
	8.2%	8.68	9.45	10.37	11.48	12.86
	8.5%	8.18	8.87	**9.7**	10.69	11.90
	8.7%	7.71	8.34	9.09	9.97	11.05
	9.0%	7.29	7.86	8.53	9.33	10.28

Source: GVC Gaesco Valores Estimates

DCF VALUATION SENSITIVITY. WACC vs. Adj. EBITDA M.

		Residual Adj. EBITDA M.				
		11.2%	11.7%	12.2%	12.7%	13.2%
WACC	8.0%	10.06	10.58	11.11	11.64	12.16
	8.2%	9.39	9.88	10.37	10.86	11.34
	8.5%	8.78	9.24	**9.7**	10.15	10.61
	8.7%	8.24	8.66	9.09	9.51	9.94
	9.0%	7.73	8.13	8.53	8.93	9.33

Source: GVC Gaesco Valores Estimates

14. Peers

Although in Spain there are listed companies within the technology sector (Indra, Altia, Cuatrochenta, Making Science, etc) we do not consider these comparable to Izertis, as their businesses are not as heavily weighted in the high value-added services.

At the international level we do find more comparative companies such as Nagarro in Germany, Reply in Italy, NNIT AS and NetCompany in Denmark; Epam Systems, Globant and Endava in US.

The table below compares peer group metrics.

Company	Mkt Cap (22/11/2021)	Price change 1 yr	Revenues FY20	EBITDA FY20	EV/EBITDA 20	EV/EBITDA 21e	Market Cap/Sales 20	Market Cap/Sales 21
IZERTIS	173	11.1%	51	5	32.7	25.1	3.4	2.7
Nagarro	2,597	126.2%	430	71	15.1	38.3	6.0	4.9
Reply	6,506	86.7%	1,250	208	16.5	24.6	5.2	4.4
NNIT AS	373	-8.1%	380	37	9.7	12.4	1.0	1.0
NetCompany	5,077	41.9%	381	46	38.0	43.0	13.3	10.3
Epam Sistems	33,269	97.8%	2,333	452	35.1	49.7	15.1	10.1
Globant	11,239	62.0%	714	132	55.2	48.6	16.7	10.0
Endava	7,658	152.3%	504	98	37.8	56.0	20.1	14.8
Market average	**9,531**	**80%**			**29.6**	**38.9**	**11.1**	**7.9**
IZER discount vs peers					**-10%**	**36%**	**69%**	**66%**

Source: Facset

As we can observe in the table, peers have had an outstanding market performance during the last year thanks to the strong double-digit growths in turnover.

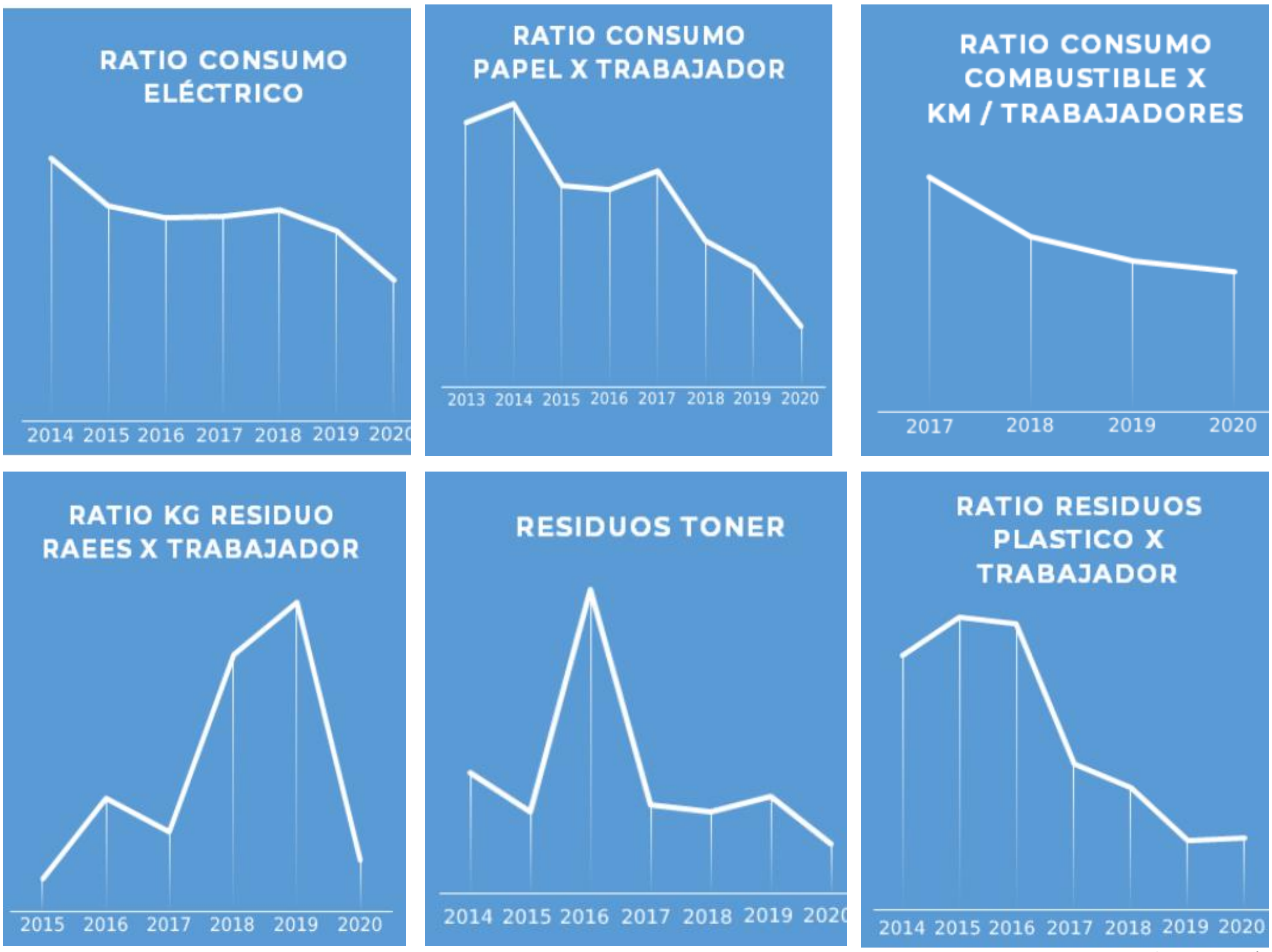
Regarding the multiples, there is a great divergence, mainly with American companies. Izertis trades at a 36% discount in terms of EV/EBITDA 21e and over 60% regarding MarketCap/sales, which demonstrates Izertis' high growth potential, mainly linked to the greater size as peers are already much larger. As Izertis increases in size and gains recognition, market multiples assigned would be higher.

15. ESG Focus

Activities developed by the Group do not potentially generate pollution through carbon emissions, environmental noise or light pollution, nor are they relevant in terms of water consumption or other raw materials, nor do they apparently have any effect on biodiversity. Despite this, the Company has a highly developed ESG report considering its size. Izertis has an Environmental Policy, whose compliance is based on four main environmental objectives:

- Reduction of electricity consumption: KPI to be analysed: kw consumed per employee
- Reduction in paper consumption: KPI to be analysed: units of paper consumed per employee.
- Reduction of Toner Waste Production: KPI to be analysed: Kg. of waste produced per employee.
- Reduction of WEEE (Waste Electrical and Electronic Equipment) Waste Production: KPI to be analysed: Kg. of WEEE produced per employee.

These objectives are audited annually by the external certifying company, AENOR, with the following results:



Source: Izertis

For 2021, and specifically for the achievement of the Environmental Objective of "Saving Electricity Consumption" (3-5% saving in the Kw/h ratio consumed per employee in the area covered by the certificate), the following measures are established, which may be complemented with the conclusions of an Energy Audit report that the Company has launched:

- Installation of LED screens and fluorescent lights.
- Continuous awareness-raising among staff regarding electricity consumption.
- Periodic review of the power contracted in the offices.
- Mixed server activity (on-site and in the cloud).

In addition, since 2020 the Company has been operating its activities with 100% renewable energy in all its offices. The Group has an environmental management system in place at its headquarters based on the international ISO 14001 standard, certified by an independent supplier of recognised prestige.

The Company also has a Quality Policy in place that also includes environment, social and safety issues.

As a technology consultancy, many of the processes carried out serve to reduce energy consumption, make life easier for employees or implement technologies that help customers to be more sustainable and have a lower negative impact on the environment.

The Group maintains an active social and environmental policy in the selection of its suppliers and subcontractors in which they are required to comply with certain environmental requirements in order to perform their services and to be certified under a recognised environmental standard.

ESG Scorecards

Izertis	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications		■		ISO 14001
Materiality Matrix (GRI or Others)			■	Yes
Sustainability Report (CSR)		■		Non financial report
Sustainability Plan / Defined ESG Goals		■		Four "E" targets described
ESG Ratings		■		n.a.

Source: GVC Gaesco Valores

ESG Positioning

Izertis	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO_2 reduction)				n.a.
Water consumption				n.a.
Electricity & Power consumption		■		-3/5% reduction per year
Waste reduction		■		kg per employee
Social				
Social engagement		■		Corporative culture
Accident index		■		Low figures
Gender Equality		■		Equality Plan. 0.89 salary index W/M. 33% Directors, 25% in Board
Training / Employees satisfaction		■		
Governance				
BoD composition		■		50% Board non executive
Top management ESG Involvement.		■		ESG Policy

Source: GVC Gaesco Valores

Izertis: SDGs

The UNO has set 17 Sustainable Development Goals (SDGs) to urge companies and governments to act on them.

Given the size of the Company, it has no specific targets set in relation to these terms.

Given the size of the Company and that we have not detected any significant controversy in our analysis, we consider the impact of ESG issues on the Company's valuation to be neutral, and therefore our financial analysis does not vary.

16. Conclusion

Izertis is a Company with an excellent growth history and great growth opportunities in the horizon.

The Company is 25 years old and has not stopped growing. In recent years, this growth – largely organic – has been complemented with an inorganic growth strategy which accelerated Izertis' development.

The consultancy Company has the capacity and means to undertake this growth, with partners and investors backing, successful integration track record and contributing added value. Additionally, the Company has demonstrated its ability to successfully meet clients' needs, increasing the number of services provided each year while also gaining larger sized accounts.

In the near future, Izertis will need to increase the size of the acquisitions made to accelerate growth. The EUR125m business plan presented implies almost doubling the revenues estimated for 2021.

Izertis will benefit from the sector macro-trends that will boost companies to accelerate digital transformation processes. If in addition we add the European funds that will encourage this type of investment, the outlook is very favourable for the Company.

The market in which Izertis operates is highly fragmented and favours consolidation, as many of the companies lack sufficient capacity to grow and are limited. In addition, there is currently a shortage of specialised talent in the sector which exacerbates the current problems to grow organically, especially small in companies. Thus, the combination of organic and inorganic growths brings greater speeds and incorporates talent and capacities, that if developed internally takes time.

Another relevant aspect in the market is speed. As mentioned, this sector is in full swing thanks to the macro trends. This trend will come to an end with fewer and larger companies. The key is to grow quickly and orderly so as to attain a relevant position in the market. Our estimates place Izertis among the Top 15 companies in the sector in 2027.

Therefore, we estimate that Izertis will not only reach the EUR125m revenue target in 2023, but also exceed the normalised EBITDA margin target of 10%. Our forecast is 11.1% to EUR13.8m vs. the Company's EUR12.5m. In addition, our estimates point to revenues of EUR235m in 2027 and a normalised EBITDA margin of 11.4% to EUR26.9m.

The Company's financial situation is healthy, and its management has been significantly reinforced in recent months with experienced profiles in large companies. Izertis has a conservative accounting policy thus is covered against unforeseen risks.

We must point out that despite the strong M&A program considered in coming years, we estimate a maximum FND/EBITDA of 2.3x in 2023e, to gradually reduce as from 2024 to 0.8x in 2027e.

In short, we consider the Company's potential is very high thanks to the favourable macro situation with several years of strong growths following the drop caused by Covid-19. At the market level the outlook for the sector is very positive due to the strong rise in transformation processes to be realised by companies. At the corporate level, we consider Izertis to be in a great momentum with substantial growths (above the sector, as it is focused on high value-added services), good capital structure and services portfolio that provides solutions to the needs of a multitude of clients in as many sectors.

Izertis: Summary tables

PROFIT & LOSS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Sales	**36.8**	**46.3**	**50.7**	**63.5**	**93.2**	**125**
Cost of Sales & Operating Costs	-33.5	-41.7	-45.5	-56.6	-82.9	-110.8
EBITDA	**3.3**	**4.6**	**5.3**	**6.9**	**10.3**	**13.8**
Depreciation	-2.0	-3.0	-3.9	-5.6	-6.9	-8.4
EBITA	**1.3**	**1.6**	**1.4**	**1.3**	**3.3**	**5.4**
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**1.3**	**1.6**	**1.4**	**1.3**	**3.3**	**5.4**
Net Financial Interest	-0.2	-0.4	-1.4	-0.7	-1.3	-1.5
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-0.1	-0.1	-0.4	0.0	0.0	0.0
Other Non Recurrent Items	0.0	-0.6	2.4	-0.4	-0.3	-0.3
Earnings Before Tax (EBT)	**1.0**	**0.5**	**1.9**	**0.2**	**1.7**	**3.6**
Tax	-0.4	-0.2	-0.5	-0.1	-0.4	-0.9
Tax rate	*42.3%*	*46.3%*	*27.9%*	*25.0%*	*25.0%*	*25.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	**0.6**	**0.3**	**1.4**	**0.2**	**1.3**	**2.7**
Net Profit (adj.)	**0.6**	**0.3**	**1.4**	**0.2**	**1.3**	**2.7**

CASH FLOW (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	2.7	3.4	5.7	5.8	8.2	11.1
Change in Net Working Capital	0.0	0.2	0.5	-2.7	-0.5	-0.4
Cash Flow from Operations	**2.7**	**3.5**	**6.2**	**3.1**	**7.7**	**10.7**
Capex	-1.6	-2.5	-1.6	-1.6	-1.7	-1.9
Net Financial Investments	0.0	0.0	0.0	-1.8	-14.1	-17.8
Free Cash Flow	**1.1**	**1.1**	**4.5**	**-0.3**	**-8.1**	**-8.9**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	-2.4	0.1	-4.2	-0.1	-0.0
Change in Net Financial Debt	**1.1**	**-1.4**	**4.7**	**-4.5**	**-8.2**	**-9.0**

BALANCE SHEET & OTHER ITEMS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Tangible Assets	1.5	1.9	1.8	1.8	1.8	1.9
Net Intangible Assets (incl.Goodwill)	12.5	20.2	26.7	32.8	45.9	59.7
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	2.6	3.1	5.5	5.6	5.3	5.0
Total Fixed Assets	**16.6**	**25.2**	**33.9**	**40.2**	**52.9**	**66.5**
Inventories	0.0	0.0	0.4	0.4	0.5	0.5
Trade receivables	11.2	12.9	12.3	15.4	16.7	17.8
Other current assets	1.0	2.1	0.7	0.8	0.8	0.9
Cash (-)	-0.8	-4.2	-15.0	-35.5	-35.1	-35.8
Total Current Assets	**13.1**	**19.2**	**28.5**	**52.1**	**53.1**	**55.0**
Total Assets	**29.7**	**44.4**	**62.4**	**92.3**	**106.0**	**121.5**
Shareholders Equity	8.3	15.6	23.6	28.4	29.7	32.3
Minority	0.1	0.2	0.2	0.2	0.2	0.2
Total Equity	**8.3**	**15.7**	**23.8**	**28.7**	**29.9**	**32.6**
Long term interest bearing debt	9.1	9.1	16.8	31.7	39.0	48.1
Provisions	0.0	0.0	0.0	0.1	0.1	0.1
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.3	1.7	3.8	3.2	3.1	2.9
Total Long Term Liabilities	**10.5**	**10.8**	**20.6**	**35.0**	**42.2**	**51.1**
Short term interest bearing debt	4.7	9.4	7.9	18.0	18.4	19.0
Trade payables	3.5	5.4	5.7	6.2	6.9	7.7
Other current liabilities	2.7	3.1	4.3	4.5	8.6	11.1
Total Current Liabilities	**10.9**	**17.9**	**17.9**	**28.6**	**33.9**	**37.8**
Total Liabilities and Shareholders' Equity	**29.7**	**44.4**	**62.4**	**92.3**	**106.0**	**121.5**
Net Capital Employed	**22.7**	**31.8**	**37.4**	**46.2**	**55.4**	**66.9**
Net Working Capital	**7.7**	**7.5**	**7.0**	**9.7**	**10.2**	**10.6**

GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Sales growth		*26.1%*	*9.5%*	*25.1%*	*46.8%*	*33.8%*

Izertis: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Profit growth		*-55.3%*	*447.6%*	*-86.7%*	*594.5%*	*111.5%*
EPS adj. growth		*-55.3%*	*440.4%*	*-87.7%*	*594.5%*	*111.5%*
DPS adj. growth						
EBITDA (adj) margin*						
EBITA (adj) margin*						
EBIT (adj) margin*						

RATIOS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Debt/Equity	1.6	0.9	0.4	0.5	0.7	1.0
Net Debt/EBITDA	4.0	3.1	1.8	2.0	2.2	2.3
Interest cover (EBITDA/Fin.interest)	17.7	11.8	3.7	9.9	7.8	9.0
Capex/D&A	79.7%	81.6%	42.3%	28.3%	24.1%	22.6%
Capex/Sales	4.4%	5.3%	3.2%	2.5%	1.8%	1.5%
NWC/Sales	21.0%	16.3%	13.9%	15.3%	11.0%	8.5%
ROE (average)		2.1%	7.0%	0.7%	4.4%	8.7%
ROCE (adj.)						
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC						

PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Average diluted number of shares	21.3	21.3	21.6	23.4	23.4	23.4
EPS (reported)	0.03	0.01	0.06	0.01	0.05	0.12
EPS (adj.)	0.03	0.01	0.06	0.01	0.05	0.12
BVPS	0.39	0.73	1.09	1.21	1.27	1.38
DPS	0.00	0.00	0.00	0.00	0.00	0.00

VALUATION	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
EV/Sales		2.0	3.3	2.8	2.0	1.6
EV/EBITDA		20.5	31.7	25.6	18.1	14.1
EV/EBITDA (adj.)*						
EV/EBITA		59.1	120.0	133.0	55.7	35.8
EV/EBITA (adj.)*						
EV/EBIT		59.1	n.m.	n.m.	55.7	35.8
EV/EBIT (adj.)*						
P/E (adj.)		**n.m.**	**n.m.**	**n.m.**	**n.m.**	**n.m.**
P/BV		5.4	6.9	5.9	5.7	5.2
Total Yield Ratio		0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE		3.2	4.7	4.0	3.2	2.7
OpFCF yield		1.3%	2.8%	0.9%	3.6%	5.2%
OpFCF/EV		1.1%	2.7%	0.9%	3.2%	4.5%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)		0.0%	0.0%	0.0%	0.0%	0.0%

EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Price** (EUR)		3.92	7.54	7.20	7.20	7.20
Outstanding number of shares for main stock	21.3	21.3	21.6	23.4	23.4	23.4
Total Market Cap		**83.5**	**162.8**	**168.5**	**168.5**	**168.5**
Gross Financial Debt (+)	13.8	18.5	24.7	49.6	57.4	67.1
Cash & Marketable Securities (-)	-0.8	-4.2	-15.0	-35.5	-35.1	-35.8
Net Financial Debt	**13.0**	**14.4**	**9.7**	**14.2**	**22.3**	**31.3**
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	**13.0**	**14.4**	**9.7**	**14.2**	**22.3**	**31.3**
Other EV components	**-2.6**	**-3.1**	**-5.5**	**-5.6**	**-5.3**	**-5.0**
Enterprise Value (EV adj.)		**94.7**	**167.0**	**177.1**	**185.6**	**194.9**

Source: Company, GVC Gaesco Valores estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

****EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.*

Sector: Technology/Computer Services

Company Description: Izertis is a technological consulting company that helps customers through its digital transformation with a broad portolio of services. The company has founded in 1996 by its Presidente and CEO and its growth has been constant since then. Now the company is in a growth momentum both organically and inorganically to consolidate the market.

European Coverage of the Members of ESN

Automobiles & Parts	**Mem(*)**
Brembo	BAK
Faurecia	CIC
Ferrari	BAK
Gestamp	GVC
Indelb	BAK
Michelin	CIC
Pirelli & C.	BAK
Plastic Omnium	CIC
Sogefi	BAK
Stellantis	BAK
Valeo	CIC
Banks	**Mem(*)**
Banca Mps	BAK
Banco Sabadell	GVC
Banco Santander	GVC
Bankinter	GVC
Bbva	GVC
Bnp Paribas	CIC
Bper	BAK
Caixabank	GVC
Credem	BAK
Credit Agricole Sa	CIC
Intesa Sanpaolo	BAK
Societe Generale	CIC
Unicaja Banco	GVC
Unicredit	BAK
Basic Resources	**Mem(*)**
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Ence	GVC
Imerys	CIC
Neodecortech	BAK
Semapa	CBI
The Navigator Company	CBI
Tubacex	GVC
Chemicals	**Mem(*)**
Air Liquide	CIC
Arkema	CIC
Plasticos Compuestos	GVC
Consumer Products & Services	**Mem(*)**
Abeo	CIC
Beneteau	CIC
Brunello Cucinelli	BAK
Capelli	CIC
De Longhi	BAK
Europcar	CIC
Fila	BAK
Geox	BAK
Givaudan	CIC
Groupe Seb	CIC
Hermes Intl.	CIC
Hexaom	CIC
Interparfums	CIC
Kaufman & Broad	IAC
Kering	CIC
L'Oreal	CIC
Lvmh	CIC
Maisons Du Monde	CIC
Moncler	BAK
Monnalisa	BAK
Ovs	BAK
Piaggio	BAK
Richemont	CIC
Safilo	BAK
Salvatore Ferragamo	BAK
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Tod'S	BAK
Trigano	CIC
Ubisoft	CIC
Energy	**Mem(*)**
Cgg	CIC
Ecoslops	CIC
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Gtt	CIC
Maurel Et Prom	CIC
Plc	BAK
Repsol	GVC
Rubis	CIC
Saipem	BAK
Technip Energies	CIC
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Totalenergies	CIC
Vallourec	CIC
Fin. Serv. Holdings	**Mem(*)**
Cir	BAK
Corp. Financiera Alba	GVC
Digital Magics	BAK
Eurazeo	CIC
Gbl	CIC
Peugeot Invest	CIC
Rallye	CIC
Tip Tamburi Investment Partners	BAK
Wendel	CIC
Fin. Serv. Industrials	**Mem(*)**
Abitare In	BAK
Dovalue	BAK
Nexi	BAK
Tinexta	BAK
Financial Services Banks	**Mem(*)**
Amundi	CIC
Anima	BAK
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK
Banca Mediolanum	BAK
Banca Sistema	BAK
Bff Bank	BAK
Dea Capital	BAK
Finecobank	BAK
Illimity Bank	BAK
Mediobanca	BAK
Poste Italiane	BAK
Rothschild & Co	CIC
Food & Beverage	**Mem(*)**
Advini	CIC
Bonduelle	CIC
Campari	BAK
Danone	CIC
Diageo	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Italian Wine Brands	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lindt & Sprüngli	CIC
Nestle	CIC
Orsero	BAK
Pernod Ricard	CIC
Remy Cointreau	CIC
Tipiak	CIC
Vilmorin	CIC
Viscofan	GVC
Vranken	CIC
Healthcare	**Mem(*)**
Abionyx Pharma	CIC
Amplifon	BAK
Atrys Health	GVC
Biomerieux	CIC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Fine Foods	BAK
Genfit	CIC
Gpi	BAK
Guerbet	CIC
Korian	CIC
Oncodesign	CIC
Orpea	CIC
Prim Sa	GVC
Recordati	BAK
Shedir Pharma	BAK
Theraclion	CIC
Vetoquinol	CIC
Virbac	CIC
Industrial Goods & Services	**Mem(*)**
Applus	GVC
Avio	BAK
Biesse	BAK
Bollore	CIC
Bureau Veritas	CIC
Caf	GVC
Catenon	GVC
Cellnex Telecom	GVC
Cembre	BAK
Clasquin	IAC
Cnh Industrial	BAK
Corticeira Amorim	CBI
Ctt	CBI
Danieli	BAK
Datalogic	BAK
Enav	BAK
Enogia	CIC
Exel Industries	CIC
Fiera Milano	BAK
Fincantieri	BAK
Getlink	CIC
Global Dominion	GVC
Haulotte Group	CIC
Interpump	BAK
Inwit	BAK
Leonardo	BAK
Logista	GVC
Manitou	CIC
Nicolas Correa	GVC
Openjobmetis	BAK
Osai	BAK
Prima Industrie	BAK
Prosegur	GVC
Prosegur Cash	GVC
Prysmian	BAK
Rai Way	BAK
Rexel	CIC
Saes	BAK
Salcef	BAK
Talgo	GVC
Teleperformance	CIC
Verallia	CIC
Vidrala	GVC
Zardoya Otis	GVC
Insurance	**Mem(*)**
Axa	CIC
Catalana Occidente	GVC
Cattolica Assicurazioni	BAK
Generali	BAK
Linea Directa Aseguradora	GVC
Mapfre	GVC
Net Insurance	BAK
Unipolsai	BAK
Materials, Construction	**Mem(*)**
Acs	GVC
Aena	GVC
Atlantia	BAK
Buzzi Unicem	BAK

Cementir	BAK
Cementos Molins	GVC
Clerhp Estructuras	GVC
Eiffage	CIC
Fcc	GVC
Ferrovial	GVC
Groupe Adp	CIC
Groupe Poujoulat	CIC
Groupe Sfpi S.A.	CIC
Herige	CIC
Holcim	CIC
Maire Tecnimont	BAK
Mota Engil	CBI
Obrascon Huarte Lain	GVC
Sacyr	GVC
Saint Gobain	CIC
Sergeferrari Group	CIC
Spie	CIC
Tarkett	CIC
Thermador Groupe	CIC
Vicat	CIC
Vinci	CIC
Webuild	BAK

Media	**Mem(*)**
Arnoldo Mondadori Editore	BAK
Atresmedia	GVC
Cairo Communication	BAK
Digital Bros	BAK
Gl Events	CIC
Il Sole 24 Ore	BAK
Ipsos	CIC
Jcdecaux	CIC
Lagardere	CIC
M6	CIC
Mediaset	BAK
Mediaset Espana	GVC
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Tf1	CIC
Universal Music Group	CIC
Vivendi	CIC

Personal Care, Drug & Grocery S	**Mem(*)**
Carrefour	CIC
Casino	CIC
Jeronimo Martins	CBI
Marr	BAK
Sonae	CBI
Unilever	CIC
Winfarm	CIC

Real Estate	**Mem(*)**
Almagro Capital	GVC
Igd	BAK
Lar España	GVC
Merlin Properties	GVC
Realia	GVC

Retail	**Mem(*)**
Burberry	CIC
Fnac Darty	CIC
Inditex	GVC
Unieuro	BAK

Technology	**Mem(*)**
Agile Content	GVC
Akka Technologies	CIC
Almawave	BAK
Alten	CIC
Amadeus	GVC
Atos	CIC
Axway Software	CIC
Capgemini	CIC
Cast	CIC
Esi Group	CIC
Exprivia	BAK
Gigas Hosting	GVC
Indra Sistemas	GVC
Lleida.Net	GVC
Memscap	IAC
Neurones	CIC
Reply	BAK
Sii	CIC
Sopra Steria Group	CIC
Stmicroelectronics	BAK
Tier 1 Technology	GVC
Visiativ	CIC
Vogo	CIC

Telecommunications	**Mem(*)**
Bouygues	CIC
Ekinops	CIC
Ezentis	GVC
Iliad	CIC
Nos	CBI
Orange	CIC
Telecom Italia	BAK
Telefonica	GVC
Tiscali	BAK
Unidata	BAK
Vodafone	BAK

Travel & Leisure	**Mem(*)**
Accor	CIC
Autogrill	BAK
Compagnie Des Alpes	CIC
Edreams Odigeo	GVC
Elior	CIC
Fdj	CIC
Groupe Partouche	IAC
I Grandi Viaggi	BAK
Ibersol	CBI
Int. Airlines Group	GVC
Melia Hotels International	GVC
Nh Hotel Group	GVC
Pierre Et Vacances	CIC
Sodexo	CIC

Utilities	**Mem(*)**
A2A	BAK
Acciona	GVC
Acea	BAK
Albioma	CIC
Alerion Clean Power	BAK
Audax	GVC
Derichebourg	CIC
Edp	CBI
Edp Renováveis	CBI
Enagas	GVC
Encavis Ag	CIC
Endesa	GVC
Enel	BAK
E-Pango	CIC
Erg	BAK
Falck Renewables	BAK
Greenalia	GVC
Greenvolt	CBI
Hera	BAK
Holaluz	GVC
Iberdrola	GVC
Iren	BAK
Italgas	BAK
Naturgy	GVC
Red Electrica Corporacion	GVC
Ren	CBI
Snam	BAK
Solaria	GVC
Terna	BAK
Voltalia	CIC

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA — as at 11 October 2021

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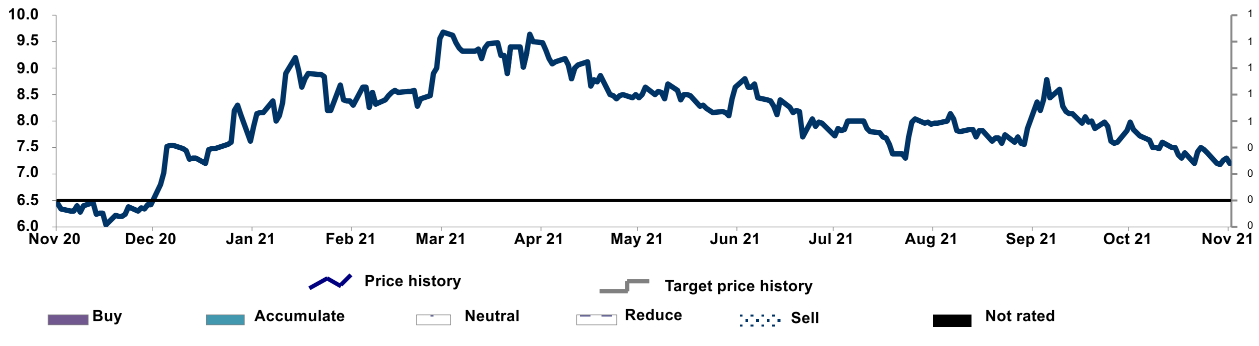
Recommendation history for IZERTIS

Date	Recommendation	Target price	Price at change date
29-Nov-21	Buy	9.70	7.20

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Juan Peña (since 24/11/2021)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended**: the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
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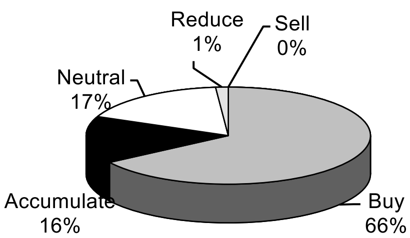
Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets.

GVC Gaesco Valores, S.V., S.A.Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website Link
Date and time of production: ***CET***
First date and time of dissemination: ***CET***

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