

BUY (unchanged)

IZERTIS

SPAIN | INFORMATION TECHNOLOGY

2H22 exceeds expectations, strategic plan is sound; reiterating Buy

Price (€)	8.00
Target Price (€)	10.50
prev. (€)	10.25
Target Return	31.3%
Ticker	IZER SM
Shares Out (m)	25
Market Cap (€m)	197

Key Estimates	2021a	2022e	2023e
P/E (x)	490.3	53.3	46.3
P/CF (x)	32.0	20.4	16.6
EV/EBITDA (x)	28.4	18.7	15.6
P/BV (x)	6.4	4.4	4.0
Div yield (%)	0.0	0.0	0.0

Performance (%)	1D	1M	YTD
Price Perf	0.0	-0.7	-2.9
Rel IBEX 35	-0.4	-0.7	-12.4

Source: Company data, FactSet and JB Capital estimates

We increase Izertis' (IZER) target price by 2% to €10.5/shr, following its 2H22 results release and new strategic plan presentation. It posted a positive set of results, with 2H22 EBITDA of €7.3m (up 65% YoY) coming 17% ahead of our estimate, mostly on the back of lower costs (10% below our estimate). The 2H22 Net Income of €3.1m was also ahead of expectations, more than compensating for a slightly higher-than-expected YE22 Net Debt (€31.5m vs our forecast of €30.3m). Simultaneously, IZER announced a new strategic plan. It is confident about reaching its 2023 objectives – €125m in revenues and €12.5m of EBITDA – and is now presenting goals for 2027, aiming to obtain €250m in revenues and €33m of EBITDA. Such relevant growth (c.19%/27% CAGR for 2023e-27e revenue/EBITDA) will be based on three pillars: i) focus on revenue in high-growth technology areas such as Cybersecurity, Cloud and AI solutions; ii) development of nearshoring hubs in Iberia and Mexico, serving higher cost/price countries with lower-cost production centres; and iii) bolt-on acquisitions to complement its services and client portfolio. IZER has a good track record in delivering on its plans, and we believe it has the capacity to reach its new objectives. We estimate 2027 revenues/EBITDA slightly above (+5%/+6%) these targets. With a 31% upside to our revised TP, we reiterate Buy for IZER.

2H22 results review: IZER reached €50.8m of revenues in 2H22, a 40% growth YoY and in line with our estimate. Nevertheless, the Company beat our estimate by 17% at the EBITDA level due to cost-containment measures in COGS and Other Opex. Consequently, EBITDA margin improved 2.2pp YoY to reach 14.4% in 2H22. Net income was €3.1m vs €0.5m expected, driven by a higher EBITDA and lower taxes. On cash generation, IZER posted a negative €0.7m FCF, increasing Net Debt by 2% vs Jun-22, to €31.5m (4% above our estimate), which represents a 2.6x ND/EBITDA.

Confident outlook: AEC has forecast 6% growth for the Spanish IT consultancy industry in 2023 and IZER expects to outpace the market, thanks to its positioning in the fastest-growing segments such as Cloud, AI, and Cybersecurity. The Company expects the market to see 10% CAGR in the following years (in line with Gartner's forecasts).

New 2023-27 business plan: IZER expects to reach €250m of revenues and €33m in EBITDA in 2027. These targets imply an EBITDA margin of 13%, actually below the 14.4% seen in 2H22; thus, there may be some upside risk to the plan. IZER expects to deliver on its growth objectives based on: i) strong tailwinds in the sector, especially in high-growth services such as Cloud, Cybersecurity and AI; ii) development of nearshoring hubs in Iberia and Mexico to reach higher-value European and US clients, for which selling prices can be up to 50% higher than those seen in Spain; and iii) bolt-on acquisitions to complement its services and client portfolio. The plan includes non-organic growth, so the Company will comply with a leverage limit of 3x ND/EBITDA.

Valuation update: While we trim 2023e-27e EBITDA (-1%), we increase IZER's TP by 2%. We reduce the number of shares to derive our TP (to 24.6m), as we now recognise the impact of the earnouts resulting from acquisitions directly on the Company's net debt (instead of future equity issuance earlier). Our new TP already incorporates the recent acquisition of Autentia, which also explains the higher YE23e Net Debt.



Antonio Marquina, CFA
 amarquina@jbcapital.com
 +34 91 794 0538



João Pinto
 jpinto@jbcapital.com
 +34 91 794 0536

Sales / Trading

equity.sales@jbcapital.com

equity.trading@jbcapital.com

+34 91 788 6962

JB Capital Markets S.V., S.A. - Broker dealer member of the Madrid Stock Exchange, registered with the Spanish Stock Exchange Commission (C.N.M.V.)
 Contacts: Research: tel. +34 91 769 11 64. Sales: tel. +34 91 794 05 14. Sales trading: tel. +34 91 788 69 62

Figure 1: IZER 2H22 results review

	2H22	2H21	YoY	JB Capital est.	vs JB Capital est.
Total Revenues	50.8	36.3	40%	52.2	-3%
Opex	-43.6	-31.7	38%	-48.4	-10%
EBITDA Adj.	7.1	4.6	55%	6.2	14%
Other Income and Expenses	0.2	-0.1	n.m	0.0	n.m.
EBITDA	7.3	4.4	65%	6.2	17%
EBITDA Mg (%)	14.4%	12.2%	2.2p.p.	11.4%	3.0p.p.
Amortizations	-2.5	-3.4	-25%	-3.8	-34%
EBIT	4.8	1.1	n.m	2.4	n.m
Net Financials	-1.3	-0.5	n.m	-1.1	18%
Equity Accounted	-0.4	0.0	n.m	0.0	n.m.
Profit Before Taxes	3.1	0.5	n.m	1.3	n.m
Taxes	0.2	-0.2	n.m	-0.1	n.m
Minorities	-0.1	0.0	n.m	-0.7	n.m
Net Attrib Profit	3.1	0.3	n.m	0.5	n.m
Net Debt	31.5	14	n.m	30.3	4%

Source: Company data and JB Capital estimates

Figure 2: Change in estimates

	2023e	2024e	2025e	2026e	2027e
Revenues	126	153	183	219	262
Previously	127	158	193	233	277
Δ (%)	-1%	-3%	-5%	-6%	-5%
EBITDA	16	21	24	29	35
Previously	15	19	25	31	38
Δ (%)	7%	7%	-3%	-6%	-8%
Net income	4	8	10	14	18
Previously	4	6	10	14	19
Δ (%)	10%	18%	-1%	-3%	-5%
Net debt	57	47	43	32	17
Previously	33	33	32	26	14
Δ (%)	74%	44%	32%	22%	19%

Source: JB Capital estimates

Figure 3: IZR comparable peers

IT Peers	Last Price	FX	Mkt Cap	P/E (x)		EV/EBITDA		ND/EBITDA	
				2023	2024	2023	2024	2023	2024
	LC		€m						
EPAM	290.0	USD	15,224.9	25.7	20.8	16.0	12.9	-2.2	-2.2
Globant	157.4	USD	6,079.8	27.4	22.3	15.8	12.8	-0.7	-0.7
Reply	111.0	EUR	4,152.7	20.7	18.5	11.9	10.7	-0.6	-0.6
Endava	61.7	USD	3,196.2	22.2	18.1	15.1	12.2	-0.8	-0.8
Nagarro	89.5	EUR	1,233.0	15.5	12.7	9.0	7.5	1.5	1.5
Novabase	4.8	EUR	150.7	20.0	16.3	7.5	6.7	-3.2	-3.2
Average				21.9	18.1	12.6	10.5	-1.0	-1.0
Izertis	8.0	EUR	196.2	46.3	25.5	18.7	15.6	3.5	2.3

Source: JB Capital estimates and Bloomberg prices as of 12/04/2023

Company Description

Izertis (IZER) is a Spanish IT consulting company operating in the IT services industry. It offers an extended portfolio of solutions to digitalize enterprises and improve their business model, processes and operations. It employs more than 1,500 people (89% in Spain, 11% in other countries) and has offices in 9 countries. About 80% of the Company's turnover comes from Spain, although it currently operates in more than 50 countries. Besides Spain, its most important markets are Portugal and Mexico, which account for almost 20% of its sales. Izertis divides its services across 4 major business lines: Digital Transformation, Technological Infrastructures and Services, Business Operations and Business Solutions.

Valuation

While we trim 2023e-27e EBITDA (-1%), we increase IZER's TP by 2% as we assume a slightly different LT capex. In addition, we reduce the number of shares to derive our TP (to 24.6m), as we now recognise the impact of the earnouts resulting from acquisitions directly on the Company's net debt (instead of future equity issuance earlier). Our new TP already incorporates the recent acquisition of Autentia, which also explains the higher YE23e Net Debt. We value IZER by using a DCF model, including not only organic growth but also the potential value creation of inorganic deals. We carry out our valuation using explicit FCF through 2027, which we discount to 2023 at an 8.0% dynamic WACC. We also consider a 3x ND/EBITDA target coverage, together with a 2.0% terminal growth rate due to its positioning in IT value-added services. We therefore reach a €380m EV, which we adjust for our ND estimate of €57m (which includes the €3.8m bond conversion in 2023 and €16m earnouts), equity accounted, minorities at 4.4x P/BV and a 20% standard liquidity discount.

Figure 4: IZR valuation

	SOTP (€m)	Previous	Current	Change%	
Enterprise Value	380	370	380	3%	DCF (WACC 8.1%, WACC TV 8.0%; g=2%)
Investments in JVs	2.4	6	2	-58%	
Convertible option	-1.0	0	-1	n.m.	
Net Debt (Incl. Earn Outs)	-57.0	-33	-57	74%	
Minorities	-1	-2	-1	-61%	
Equity Value	324	341	324	-5%	
Liquidity disc (20%)	-65	-68	-65	-5%	
# Shares	24.6	26.6	24.6	-7%	
Target Price (€/Share)	10.50	10.25	10.50	2%	

Source: JB Capital estimates

Recommendation

We reiterate our Buy rating given IZER's 31% upside potential and the growth prospects of its Digital business. The market is not considering the growth potential derived from its inorganic ambitions (acquisitions traditionally closed below current ratios). We expect the Group to reach normalised multiples in 2026 (8.4x EV/EBITDA). Moreover, IZER should deliver positive FCF (after acquisitions) from 2024 onwards and offer significant deleveraging from that year.

P&L

€m	2018a	2019a	2020a	2021a	2022e	2023e	2024e
Revenues	38	48	53	68	92	126	153
EBITDA	3	4	5	7	12	16	21
Depreciation	-2	-3	-4	-6	-6	-8	-8
Provisions	0	0	0	0	0	0	0
Other	0	0	2	0	0	0	0
EBIT	1	1	4	2	6	9	13
Net financial result	0	0	-1	-1	-2	-3	-3
Associates	0	0	0	0	0	0	0
Non-recurrent results & others	0	0	0	0	0	0	0
PBT	1	0	2	1	4	6	10
Taxes	0	0	-1	0	0	-1	-3
Results from discontinued operations	0	0	0	0	0	0	0
Minorities	0	0	0	0	0	0	0
Net Attributable profit	1	0	1	0	4	4	8

BALANCE SHEET

€m	2018a	2019a	2020a	2021a	2022e	2023e	2024e
Tangible assets	2	2	2	2	4	3	2
Intangible assets	12	20	27	40	76	104	113
Financial assets & Associates	2	2	2	2	2	2	2
Other L/T assets	1	2	5	6	5	6	7
Inventories	0	0	0	1	1	1	1
Account Receivable	11	13	12	15	24	31	27
Other S/T assets	1	2	1	1	1	1	1
Cash & cash equivalents	1	4	15	38	36	21	24
TOTAL ASSETS	30	45	64	104	149	170	179
Shareholders' equity	7	15	24	30	45	49	60
Minority interests	0	0	0	0	0	0	0
L/T Financial debt	9	9	17	28	36	47	40
L/T Provisions	0	0	0	0	0	0	0
Other L/T liabilities	na	na	na	na	na	na	na
S/T Financial debt	5	9	8	13	8	8	8
Accounts payable	6	8	10	11	18	23	27
Other S/T liabilities	0	0	0	5	17	17	17
TOTAL LIABILITIES	28	44	62	99	141	162	169

Source: Company data, FactSet and JB Capital estimates

CASH FLOW STATEMENT

€m	2018a	2019a	2020a	2021a	2022e	2023e	2024e
EBITDA	3	4	5	7	12	16	21
Net financial result	0	0	1	0	0	0	0
Dividends collected	0	0	0	0	0	0	0
Taxes	0	0	0	-1	0	-1	-3
Change in Working Capital	-3	1	1	-1	-1	-2	7
Other CF from operations	0	0	0	0	-1	0	0
Cash Flow from Operations	1	5	7	5	10	12	26
CAPEX	-5	-7	-7	-6	-21	-38	-16
Disposals	0	0	0	0	1	0	0
Financial investments	0	0	0	0	0	0	0
Other CF from investments	0	0	0	0	0	0	0
Cash Flow from Investments	-4	-7	-7	-5	-20	-38	-16
Dividends	0	0	0	0	0	0	0
Change in capital stock	2	3	5	4	23	0	0
Treasury stock variation	0	0	0	0	0	0	0
Debt variation (net)	2	0	0	0	0	0	0
Other CF from financing	0	0	0	0	0	0	0
Cash Flow from Financing	4	3	5	4	23	0	0
Exchange rate effect	0	0	0	0	0	0	0
Net increase in cash & cash equivalents	1	1	5	3	13	-26	9
Net debt variation	-13	-1	5	-5	-17	-25	10

Per share data/ Leverage/ Profitability/ Valuation

	2018a	2019a	2020a	2021a	2022e	2023e	2024e
Last price (€)	na	3.9	7.5	8.0	8.2	8.0	8.0
Number of shares (m)	21	21	22	23	25	25	25
Market capitalization (€m)	na	57	112	192	197	197	197
Net Debt	13	14	10	14	32	57	47
EV (€)	na	71	122	206	229	254	245
EPS (€)	0.03	0.01	0.06	0.02	0.15	0.17	0.31
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ND/EBITDA (x)	4.0	3.5	1.8	2.0	2.6	3.5	2.3
ND/(Equity + ND) (%)	66.4	48.2	29.1	32.3	41.0	53.5	44.0
EBITDA margin (%)	8.7	8.4	10.0	10.7	13.3	13.0	13.6
EBIT margin (%)	3.3	2.0	7.1	2.3	6.8	6.9	8.4
ROE (%)	8.4	1.6	5.8	1.3	8.2	8.6	12.8
ROCE (pre-tax) (%)	6.7	3.5	8.1	2.1	5.9	7.1	10.1
EV/EBITDA	na	17.4	23.1	28.4	18.7	15.6	11.8
EV/EBIT	na	73.9	32.2	130.6	36.5	29.2	19.1
FCFe yield (%)	na	nm	0.3	nm	nm	nm	4.9
FCF/EV (%)	na	nm	1.4	nm	nm	nm	5.0
P/E	na	225.5	81.2	490.3	53.3	46.3	25.5
P/CF	na	17.4	21.3	32.0	20.4	16.6	12.5
P/B	na	3.7	4.7	6.4	4.4	4.0	3.3
Dividend yield (%)	na	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, FactSet and JB Capital estimates

PROFITABILITY

FY End Dec (%)	2018a	2019a	2020a	2021a	2022e	2023e	2024e
Gross Margin	65.5	67.0	69.9	74.1	81.0	81.0	82.0
EBITDA Margin	8.7	8.4	10.0	10.7	13.3	13.0	13.6
EBIT Margin	3.3	2.0	7.1	2.3	6.8	6.9	8.4
EBT Margin	2.5	1.0	3.6	1.1	4.3	4.5	6.8
Net Margin	1.5	0.5	2.6	0.6	4.0	3.4	5.1
Return on Assets	1.9	0.6	2.1	0.4	2.5	2.5	4.3
Return on Equity	8.4	1.6	5.8	1.3	8.2	8.6	12.8
Return on Capital Employed	6.7	3.5	8.1	2.1	5.9	7.1	10.1
Return on Investment	1.3	-0.3	-0.1	-0.4	1.3	0.7	3.0

VALUATION

FY End Dec (x)	2018a	2019a	2020a	2021a	2022e	2023e	2024e
P/E	na	225.5	81.2	490.3	53.3	46.3	25.5
P/E (diluted)	na	225.5	81.2	490.3	53.3	46.3	25.5
P/BVPS	na	3.7	4.7	6.4	4.4	4.0	3.3
P/Tangible BVPS	na	3.7	4.7	6.4	4.4	4.0	3.3
P/CFPS	na	17.4	21.3	32.0	20.4	16.6	12.5
P/FCFPS	na	34.8	30.8	35.9	19.6	12.9	10.1
Div yield (%)	na	0.0	0.0	0.0	0.0	0.0	0.0
Div payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV	na	71	122	206	229	254	245
EV/Sales	na	1.5	2.3	3.0	2.5	2.0	1.6
EV/EBIT	na	73.9	32.2	130.6	36.5	29.2	19.1
EV/EBITDA	na	17.4	23.1	28.4	18.7	15.6	11.8
Net Debt/EBITDA	4.0	3.5	1.8	2.0	2.6	3.5	2.3
FCFe yield (%)	na	nm	0.3	nm	nm	nm	4.9
FCF / EV (%)	na	nm	1.4	nm	nm	nm	5.0
Net Debt / (Equity + Net Debt)	66.4	48.2	29.1	32.3	41.0	53.5	44.0

Source: Company data, FactSet and JB Capital estimates

DISCLAIMER

Investors should only consider this report as one of many factors in making their investment decision. No person accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith. JB Capital Markets, S.V., S.A.U. ("JB Capital") is the entity responsible for the production of this Research Report and its content, regulated and supervised by the National Securities Market Commission (CNMV), in whose Official Register of Companies and Securities Agencies it is registered under number 229.

Prices of securities correspond to the close price of the last trading day prior to the date of this report.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Antonio Marquina, CFA (Research analyst).

The Analyst(s) are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer and that therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

For Entities and Clients in the United States

JB Capital is not a U.S. resident and is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. JB Capital is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. JB Capital distributes research and engages in other approved activities with respect to U.S. Institutional investors through SEC 15a-6 exemption rules under an exclusive chaperone agreement with Brasil Plural Securities LLC ("BPS"). JB Capital is not registered as a broker dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). BPS is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

This research report is only being offered to Major U. S. Institutional Investors and is not available to, and should not be used by, any U. S. person or entity that is not a Major U. S. Institutional Investor. A Major U. S. Institutional Investor who may receive and use this report must have assets under management of more than US \$100,000,000 and is either an investment company registered with the SEC under the U. S. Investment Company Act of 1940, a U.S. bank or savings and loan association, business development company, small business investment company, employee benefit plan as defined in SEC Regulation D, a private business development company as defined in SEC Regulation D, an organization described in U. S. Internal Revenue Code Section 501(c)(3) and SEC Regulation D, or an SEC registered investment adviser or any other manager of a pooled investment vehicle. JB Capital cannot and will not accept orders for the securities covered in this research report placed by any person or entity in the United States that is a recipient of this research report. Orders should be placed with our correspondent, BPS.

The Research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investors client feedback, stock picking and overall firm revenues. This report is not being issued to private customers.

For Entities and Clients in the United Kingdom

JB Capital has exited the U.K. Temporary Permissions Regime ("TPR") with respect to the services we provide in the U.K. The TPR was introduced by the U.K. authorities to enable EEA-based firms that were passported into the U.K. pre-Brexit (whilst the U.K. was still part of the EU single market) to continue to benefit from similar passporting and access rights in the U.K. for a temporary period post-Brexit. Upon exiting the TPR, JB Capital has not applied to the U.K. Financial Conduct Authority for authorisation to carry on regulated activities in the U.K. This is because we rely on the Overseas Persons Exemption ("OPE") under the U.K. FSMA Regulated Activities Order 2000 ("RAO"). The OPE allows international firms to operate in the U.K. without FCA authorisation provided they meet certain conditions. To ensure that we are able to benefit from the OPE on an ongoing basis for any potentially U.K.-regulated activities, JB Capital has controls in place to limit our overall U.K. activities and the services that we provide.

This research report is only being offered to U. K. Professionals Investors and High Net Worth Companies is not available to, and should not be used by, any U. K. person or entity that is not U. K. Professionals Investors and High Net Worth Companies. A U. K. Professionals Investors and High Net Worth Companies who may receive and use this report must be: U.K. authorised persons; persons exempted from U.K. licensing; any other person whose ordinary activities involve carrying on the regulated activity to which the communication relates for its business; a government, local authority or an international organisation; and a director, officer or employee of any of the above, but only in that capacity; a body corporate with more than 20 members – if it has a share capital or net assets of at least £500,000, or if it is in the same group as an undertaking that meets this test; a body corporate with 20 members or less – if it has a share capital or net assets of at least £5 million, or if it is in the same group as an undertaking that meets this test; any unincorporated association or partnership with net assets of at least £5 million; trustee of a trust where the aggregate value of the cash and investments within the trust amount to at least £10 million, or amounted to at least £10 million anytime during the year immediately preceding the date on which the communication was first made.

JB Capital cannot and will not accept orders for the securities covered in this research report placed by any person or entity in the U.K. that is a recipient of this research report who are not authorised person by the FCA.

Stock Ratings

Different securities firms use a variety of rating terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

ANALYST STOCK RATINGS

Buy – Analyst expects material upside potential to fair value, which should be realized in the next 12 months.

Neutral- Analyst expects immaterial upside/downside potential, which should be realized in the next 12 months.

Underweight - Analyst expects material downside potential to fair value, which should be realized in the next 12 months.

The list of recommendations and the proportion of issuers covered by JB Capital that fall in each of these categories is available at www.jbcm.com/researchdisclosure.pdf.

Other Important Disclosures

This research report has been published in accordance with our conflict management policy, which is available at www.jbcm.com/conflictolicies.pdf. In this regard, potential conflicts of interests may be raised with the persons involved on the production of the report, any person closely associated with them, or any other employee of JB Capital that is expected to have access to this report prior its completion.

The remuneration of the persons involved in preparing this report is not directly tied to transactions performed, trading fees received or services provided by companies within the group of JB Capital.

This research report is directed only at persons who can be classified as eligible counterparties or professional clients in line with the rules of the Spanish regulator. No other person should act on the contents or access the products or transactions discussed in this research report. In particular, this research report is not intended for retail clients and JB Capital will not make such products available to retail clients.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. JB Capital recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser, including tax advice. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

This report is not an offer to buy or sell any security or to participate in any trading strategy. JB Capital and/or its affiliates, officers, directors, employees and/or any other related person not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report.

JB Capital, or any of its subsidiaries, does not own a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the issuer, calculated in accordance with Article 3 of Regulation (EU) No 236/2012 and with Chapters III and IV of Commission Delegated Regulation (EU) No 918/2012.

The issuing institution under analysis does not have holdings on JB Capital 's share capital, or any of its subsidiaries.

JB Capital may sell to and buy from customers and/or may hold equity securities, other financial instruments related to equity securities and debt securities of companies covered in its research reports on a principal basis. JB Capital does and seeks to do business in the following six months with companies covered in this report and its subsidiaries and in transactions involving the latter. In this regard, JB Capital may maintain and may continue to maintain in the future remunerated business relationships with some companies covered in this research report, relating to any of the following services: (i) corporate finance services agreements (ii) liquidity provider, share buyback programmes or (iii) agent, underwriter, global coordinator or joint bookrunner in issues of financial instruments, among other possible services offered. JB Capital informs that it has placed commercial paper for CIE Automotive S.A. under its ECP Programme and it has entered into a Placing Agreement with Millenium Hospitality Real Estate, SOCIMI, S.A., in May 2022 participating as Joint Bookrunner, into an Underwriting Agreement with Greenvolt – Energias Renováveis, S.A., has participated as Joint Bookrunner in the Share Capital Increase of Greenvolt – Energias Renováveis, S.A. which prospectus was registered with the CMVM on the 9th of June of 2022 and as a Joint Bookrunner in the Initial Public Offering of Openergy Holding S.A. in July 2022. In addition, JB Capital informs that it has entered into a Placement Agreement with Promotora de Informaciones S.A. (PRISA) on 9 January 2023 for participating as Joint Global Coordinator and Bookrunner in the subordinated mandatory convertible bonds issuance of Promotora de Informaciones S.A. (PRISA). The securities notes (Nota de Valores) for the offering was registered with the CNMV on 9 January 2023. And in March 2023 JB Capital has signed an agreement as a market consultant with Novabase, SGPS, SA in its partial and voluntary tender offer announced on 16 February 2023. Furthermore, JB Capital informs that, during the last 12 months, it has entered into a corporate access service with Obrascón Huarte Lain S.A., with Millenium Hospitality Real Estate, SOCIMI, S.A. and with Greenvolt – Energias Renováveis, S.A. In addition, in the last 12 months JB Capital signed a corporate finance services agreement with Soltec Power Holdings. JB Capital informs that it has signed an agreement in March 2021 with Ramada e Investimentos e Industria S.A., in May 2020 with Atrys Health, S.A., in January 2020 with Mota-Engil, SGPS, S.A., in November 2019 with Cofina, SGPS, SA , in December 2021 with Clínica Baviera S.A. and with Novabase, SGPS, SA, in February 2022 with Vista Alegre Atlantis SGPS, S.A., in March 2022 Bersol, SGPS, S.A., in April 2022 with Inmobiliaria del Sur, S.A., in July 2022 with Parlem Telecom Company de Telecomunicacions, S.A. and in October 2022 with Izertis, S.A. about "sponsoring research". Furthermore, JB Capital is liquidity provider of Metrovacesa S.A., Gestamp Automocion, S.A., Promotora de Informaciones S.A. (PRISA), Prosegur Cash, S.A., Tubacex, S.A., Pharma Mar, S.A., Arima Real Estate Socimi, S.A., Merlin Propiedades Socimi, S.A., Grenergy Renovables, S.A., Soltec Power Holdings S.A and Openergy Holding

S.A.; it carries out Arima Real Estate Socimi, S.A.'s share buyback plan and it carries out Aedas Homes, S.A.'s, Promotora de Informaciones S.A. (PRISA)'s and Prosegur Cash, S.A.'s buy-back programmes. Additionally, it was liquidity provider of Codere, S.A., CIE Automotive, S.A and Lar España Real Estate Socimi, S.A., and it carried out CIE Automotive, S.A., Pharma Mar, S.A., CTT - Correios de Portugal, S.A.'s, Promotora de Informaciones S.A. (PRISA)'s, Prosegur Cash, S.A.'s, Prosegur, Compañía de Seguridad, S.A.'s, Tubacex, S.A.'s, Neinor Homes, S.A.'s, Lar España Real Estate Socimi, S.A.'s, CIE Automotive, S.A.'s and Arima Real Estate Socimi, S.A.'s and Grenergy Renovables, S.A.'s buy-back programmes. JB Capital provides brokerage services to Iberdrola S.A. Furthermore, JB Capital has provided and may provide brokerage services to the issuers listed above and JB Capital may be involved in other programmes involving shares of the companies included in this report. As a result, investors should be aware that JB Capital may have a conflict of interest that could reasonably affect the objectivity of this research report.

JB Capital may hold information that could be considered confidential or even inside information in relation with the companies covered in its research reports or any other company of the sector.

JB Capital makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. There is no planned frequency for updating recommendations. They will be updated, among other reasons, when the financial situation or expectations on the issuer or any of the assumptions used in the valuation change. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company.

Reports prepared by JB Capital research personnel are based on public information. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other JB Capital business areas, including corporate personnel. JB Capital may have provided the issuer with sections of this report or a version of the draft research report in order to verify the accuracy of factual statements.

JB Capital research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Estimates of future performance are based on assumptions that may not be realized.

Redistribution

As a general rule, no part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of JB Capital. In this regard, JB Capital has signed a redistribution agreement for Izertis, S.A.'s reports with Izertis, S.A. ("Izertis") and Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. ("BMESN") complying with the restrictions of Article 8 of Delegated Regulation 2016/958. In this respect, JB Capital informs that it has signed a sponsor research agreement with Izertis in October 2022. JB Capital is not responsible for the redistribution of these reports.

As defined in our conflict management policy, potential conflicts of interests may be raised regarding the report's redistribution. Nevertheless, to this day, no conflict of interest has been identified with BMESN.

JB Capital is responsible for identifying the date and time of distribution of the report which is reflected in the report. Izertis and BMESN are responsible for identifying the date and time of redistribution. JB Capital is in no case responsible for identifying the date and time of redistribution.

If a substantial alteration is made on any recommendation produced by JB Capital, the redistributor will ensure that the recommendation clearly indicates the substantial alteration in detail. To this extent, the recommendation will be updated to provide the information required in Articles 2 to 5 of the Delegated Regulation 2016/958, as referred to in previous sections of this disclaimer, and to include a reference to the place where the information regarding the original recommendation can be accessed by the persons receiving the substantially altered recommendation free of charge.

Under no circumstances, the dissemination of a summary or an extract of a recommendation produced by JB Capital will be allowed.

This research report is directed only at persons who can be classified as eligible counterparties or professional clients in line with the rules of the Spanish regulator. No other person should act on the contents or access the products or transactions discussed in this research report. In particular, this research report is not intended for retail clients and JB Capital will not make such products available to retail clients. For Entities and Clients in the United States and in the United Kingdom, please refer to the relevant sections of this disclaimer. In the event that this report is read by an ineligible type of client, no person from JB Capital accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith.

THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.