

REVENGA SMART SOLUTIONS (RSS)

(Smart Mobility)



Coverage Initiation

6 of Novembre 2023

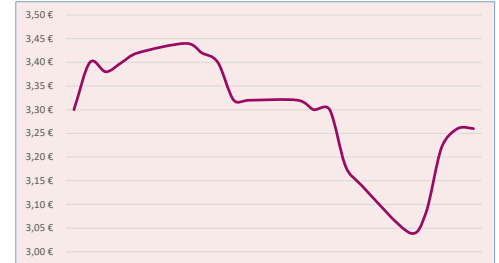
LEADING TRANSFORMATION TOWARDS SMART MOBILITY WITH DOUBLE-DIGIT EARNINGS GROWTH

Recommendation

Buy

- **Growth in EBITDA of 15.7% CAGR:** According to Revenga Smart Solutions' (RSS) 2023-26 Business Plan, revenue is expected to increase at an 11.4% CAGR, while the industry is projected to grow at a 16.6% CAGR through 2030. Additionally, RSS anticipates EBITDA to advance at a 15.7% CAGR until 2026.
- **EBITDA Margin Improvement:** In 2022, EBITDA reached €3.41 million, doubling the result obtained in 2021, which was €1.70 million. In June 2023, EBITDA increased to €3.61m (LTM), representing a 5.9% increase compared to 2022. These advances are reflected in an EBITDA margin that has increased to 8.1%, contrasting with 7.3% in 2022 and 4.4% in 2021.
- **Elevated but Reasonable Financial Leverage:** In June 2023, net financial debt amounted to €23.0m, which is equivalent to 5.5x its 12-month EBITDA in June 2023. When considering adjusted net financial debt of €17.65m, the debt-to-EBITDA ratio improves to 4.2x. While these indicators are high, they are also reasonable due to the strong industry growth, high-profit potential projects, and potential acquisitions for RSS's future development.
- **Expecting a Better Earnings in 2H 2023 vs. 1H 2023:** Due to project deliveries in the Central Railway of Uruguay, the rollout of the Ticketing system in Quito, the Lurraldebus project, and the fact that seasonally the 3rd and 4th quarters typically generate higher revenues, we anticipate improved results in the 2H 2023.
- **Enhanced Solvency:** RSS has proven its ability to attract investors and shareholders, strengthening its financials through a capital increase on October 2, 2023, amounting to €7.9 million. This injection of funds has significantly increased Shareholders' Equity, improving the company's solvency with a Shareholders' Equity to Total Liabilities ratio of 48.6% compared to 27.4% in 2022.

Fair Value
€ 4,19/sh.
REVENGA



Conclusion: Revenga Smart Solutions (RSS) stands out as an attractive investment opportunity thanks to its strong growth potential and its focus on a rapidly expanding sector, Smart Mobility. The outlook for the sector predicts EBITDA growth of 15.7% per year until 2026 (business plan 2023-2026), although this is escorted by significant market liquidity risk. In terms of projected numbers for 2024, RSS shares trade at EV/EBITDA multiples of 8.7x and with a PEG ratio of 0.88x and 0.81x with estimated results of 2025E. In terms of fundamental valuation, they show an attractive discount of 22.2% and a potential upside of 28.5%. Therefore, our initial recommendation for RSS is "Buy".

Ticker	RSS SM
Fecha	03.nov.23
Cotización	€ 3,26
Max 52 semanas	€ 3,44
MIN 52 semanas	€ 3,02
Accs. Circulación	11,056
Capitalización	€ 36,04
Retorno semanal (%)	3,8%
Variación de precio 1M (%)	1,9%
IBEX 35	0,6%
Variación de precio 3M (%)	n.d.
IBEX 35	(0,8)%
Variación de precio 6M (%)	n.d.
IBEX 35	1,6%
Variación de precio YTD (%)	n.d.
IBEX 35	12,9%
Variación precio 1A (%)	n.d.
IBEX 35	17,0%
Volumen diario (media 30d)	8.839
Volumen diario (media 10d)	3.715
Free Float (estimated)	23,0%
Rating Analistas	5
Precio Objetivo (mediana)	€ 4,05
PO Máximo	€ 4,05
PO Mínimo	€ 4,05

Fuente Bloomberg

Valuation Ratios

REVENGA SMART SOLUTIONS (€m)	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Share price (€)	€ 3,44	€ 3,44	€ 3,26	€ 3,26	€ 3,26	€ 3,26	€ 3,26
Shares outstanding (# m)	11,06	11,06	11,06	11,06	11,06	11,06	11,06
Mkt Cap (€ m)	38,0	38,0	36,0	36,0	36,0	36,0	36,0
Enterprise Value (€ m)	nm	61,0	53,8	53,8	53,8	53,8	53,8
EV / Revenue	nm	1,30x	1,04x	0,93x	0,84x	0,76x	0,68x
EV / EBITDA	nm	14,5x	9,5x	8,7x	7,9x	7,2x	6,6x
EV / EBIT	nm	22,6x	13,3x	12,0x	10,8x	9,7x	8,7x
P/E	69,3x	75,9x	17,5x	13,8x	12,8x	11,8x	10,3x
P/BV	3,00x	3,63x	2,88x	2,39x	2,00x	1,72x	1,47x
Dividend yield	-	-	-	-	-	-	-

Estimates (EUR)

REVENGA SMART SOLUTIONS (€m)	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Revenue (m)	38,80	46,80	51,95	57,66	64,01	71,05	78,86
EBITDA (m)	2,60	4,20	5,66	6,21	6,80	7,45	8,16
EBIT (m)	1,20	2,70	4,05	4,50	4,99	5,54	6,15
Net Income (m)	0,55	0,50	2,06	2,61	2,83	3,05	3,50
EPS adj. (€)	0,05	0,05	0,19	0,24	0,26	0,28	0,32
DPS	€ -	€ -	€ -	€ -	€ -	€ -	€ -
ROE (%)	4,3%	4,3%	17,9%	18,9%	17,1%	15,7%	15,4%

Estimations GPM

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Análisis disponible en Bloomberg, Factset y Refinitiv

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Investment Case

Revenga Smart Solutions (RSS) began trading on the BME Growth Market on October 5, 2023, with the purpose of securing funds to support its business expansion, diversify its shareholder base nationally and internationally, increase the liquidity of its shares, and enhance its visibility to investors.

Revenga Smart Solutions (RSS) stands out in the Smart Mobility industry due to its extensive experience in the sector. The company distinguishes itself through its focus on innovation and technological development, positioning it as a leader in advanced technological solutions. Furthermore, RSS boasts a strong financial solvency, supported by a successful capital increase of €7.9 million in October 2023, enhancing its ability to invest in new projects. Its strategy of organic growth (+11.4% CAGR in revenue, through 2026) and diversification in services make it a versatile and capable company of adapting to various market environments. The confidence of its shareholders and investors supports its vision for the future, setting its position as a leading company in the scope of smart mobility.

- **Revenga's 1H 2023 results reflect its ability to maintain profitability.** Despite a 10.8% decrease in Net Sales (€14.69m vs. €16.46m), the company achieved improvements in reported EBITDA with a 3.6% year-on-year increase (€1.64m vs. €1.59m), while "adjusted" EBITDA saw a more significant increment of 9.5% (€1.74m vs. €1.59m), indicating effective cost management and a notable enhancement in the company's profitability, as evidenced by the EBITDA margin improvement from 9.6% to 11.8%. Additionally, the adjusted net profit for the semester increased by 3.4% year-on-year (€0.178m vs. €0.172m).

H1 2023 Earnings

RSS (€m)	1S 2023	1S 2022	23 s/22	23 s/22
Rail & Terminals (R&S)	10,45	11,54	€ (1,09)	(9,5)%
Intelligent Transport Systems (ITS)	4,16	4,89	€ (0,72)	(14,8)%
Otros ingresos	0,08	0,03	€ 0,04	124,5%
Importe Neto Cifra de Negocio	14,69	16,46	€ (1,77)	(10,8)%
EBITDA	1,64	1,59	€ 0,06	3,6%
EBITDA ajust. *	1,74	1,59	€ 0,15	9,5%
margen %	11,84%	9,65%		
Resultado Neto reportado	0,084	0,172	€ (0,09)	(51,4)%
Resultado Neto ajust.*	0,178	0,172	€ 0,01	3,4%
margen %	1,71%	1,49%		

Preparation GPM/ IPO expenses (€94,500) included in 1H 2023.*

- **The second half of 2023 holds more promising prospects compared to the first half,** primarily driven by seasonality, with the 3rd and 4th quarters traditionally demonstrating strong performance. Notably, several key projects are scheduled for 2H 2023, including the completion of the Central Railway in Uruguay, encompassing 190 RailRox level crossings and expansion to new stations. Additionally, the rollout of Phase II for the ticketing system on Quito Metro Line 1, and the Lurraldebus Ticketing Plan, which involves the deployment of systems on 258 buses, underpin this positive outlook.
- **In its 2023-2026 business plan, Revenga Smart Solutions projects organic growth of 11.4% Tacc in its turnover and 15.7% Tacc in its EBITDA.** RSS's growth strategy also contemplates the possibility of expanding through acquisitions when warranted, both domestically and internationally. The goal would be to increase the size and/or complement your current operations.
- **Project Portfolio:** The project portfolio has seen substantial growth, reaching €103 million in 2022, and according to the business plan, it is projected to organically increase at a 9.5% CAGR in the coming years, reaching €148 million in 2026.

- **Geographic Expansion into New Markets:** Notable among these are the United States (Biden's Infrastructure Plan), Canada, Australia (Infrastructure Investment Plan), Africa, and Asia, with the potential for acquiring local companies.
- **Smart Mobility Industry Outlook Supports Revenga's Business Plan:** The revenue level in the global smart mobility sector reached USD 49.10 billion in 2022 and is projected to grow to USD 171 billion by 2030, implying a 16.6% CAGR between 2023 and 2030 (Global Smart Mobility Market 2017-2030).
- **Government Support (NextGenerationEU Funds):** The double-digit growth is underpinned by a robust business plan supported by several favorable factors, including: i) an encouraging industry environment; ii) government backing to promote digital transformation of infrastructure (especially in the railway sector); iii) support from NextGenerationEU funds (€33.7 billion) and the Biden Infrastructure Plan.
- **Smart Mobility Improvement Prospects:** The company's strategy, which includes an expanded portfolio, better project selection, and improved contract terms, has created a virtuous cycle of sustained growth. This enables the implementation of the 2023-2026 Plan with the goal of increasing sales and EBITDA.
- **Focus on the Autonomous Vehicle:** The rise of autonomous vehicle technology also favors growth prospects. RSS has a strong emphasis on smart mobility, with one of its strengths being the pursuit of an increased presence in the connected autonomous vehicle segment, providing technological solutions.

SWOT analysis

Strengths:

- *Ability to Attract Investors and Shareholders:* In October 2023, RSS strengthened its financial position through a capital increase of €7.9 million. This capital injection significantly increased Shareholders' Equity, improving solvency by achieving a Shareholders' Equity to Total Liabilities ratio of 48.6%.
- *Focus on Organic Growth:* RSS has directed its efforts towards organic growth. This strategy implies a commitment to expanding operations and investing in resources for future developments and projects.
- *Expertise:* Since its establishment in 2008, RSS has amassed substantial expertise in the smart mobility solutions sector and has developed profound knowledge in advanced technologies.
- *Diversification:* The company has diversified its clientele, geographic reach, and solutions, reducing its dependency on external factors and regulatory risks.
- *Investment in Innovation:* The company invests in innovation and long-term solutions, enabling it to stay current with technological advancements and market trends.

Weaknesses:

- *Business reliance on Large Customers:* The concentration of revenue in a few clients can be a vulnerability, as any default or loss of a major customer could have a significant impact.
- *Capital Markets Dependency:* The improvement in solvency in 2023 was due to the capital increase on October 2, 2023. If this dependency continues in the coming months, it could indicate a limitation in the ability to generate internal resources or the need for new capital to fuel growth.
- *Size:* Despite its experience, RSS faces a high number of competitors, some of which are large companies with significant resources.
- *Ownership Concentration:* The majority shareholder of RSS is the Revenga family, which holds 77.31% of the share capital through Revenga Ingenieros S.L. Additionally, Arturo Revenga serves as the CEO on the Board of Directors.

Opportunities:

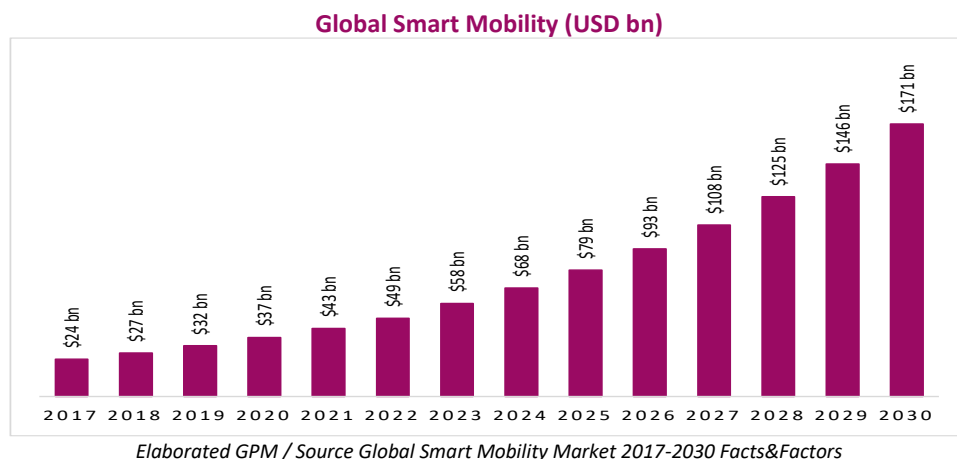
- *Double-Digit Growth in Smart Mobility:* The smart mobility market is consistently growing, driven by the demand for advanced technological solutions in transportation and mobility. A 16.6% increase is anticipated by 2030.
- *Inorganic Growth:* RSS considers inorganic growth as a complement to its activities, provided it enhances business profitability.
- *Technological Innovation:* Increasing investment in internal technological development, with a focus on emerging mobility technologies.
- *Global Expansion:* RSS operates in multiple countries, providing opportunities for further expansion in international markets.
- *Government Support (RePowerEU):* Sustainable mobility strategies and policies from governments can create new business opportunities.
- *Strategic Partnerships:* Collaborating with industry-leading companies, such as railway system integrators, can drive the company's growth.

Threats:

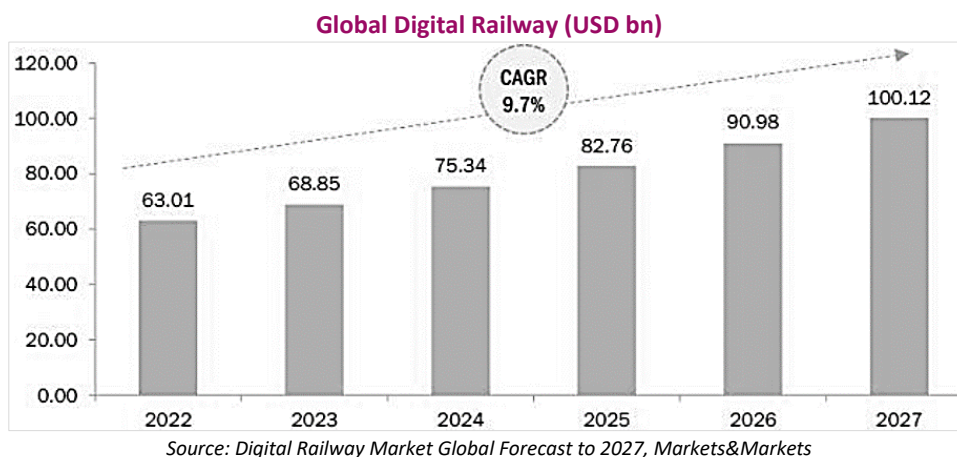
- *Potential Margin Pressure:* The smart transportation and mobility sector is highly competitive, with the presence of multiple players. The threat of increased competition could exert pressure on margins and hinder growth.
- *Regulatory Impacts:* Significant regulatory changes could necessitate costly adjustments to the company's plans and projects.
- *Foreign Exchange Risk:* Currency volatility can impact profit margins in international projects (54% of sales outside Spain).
- *Dependency on Key Projects:* RSS collaborates with partners for specific projects. Dependency on key projects could expose the company to significant risks if a major project does not materialize.
- *Dependency on Key Personnel:* The loss of key personnel can lead to project delays and affect relationships with clients and suppliers.
- *Price Fluctuations and Bottlenecks:* Supply chain disruptions and fluctuations in raw material prices can affect profitability and costs.

Smart Mobility Industry growth of +16.6% Tacc to 2030

The smart mobility sector generated revenues of USD 49.10 billion in 2022, with projections indicating it will reach USD 171 billion by 2030. This implies a compound annual growth rate (CAGR) of 16.6% between 2023 and 2030, as per the Global Smart Mobility Market 2017-2030 Facts & Factors report.

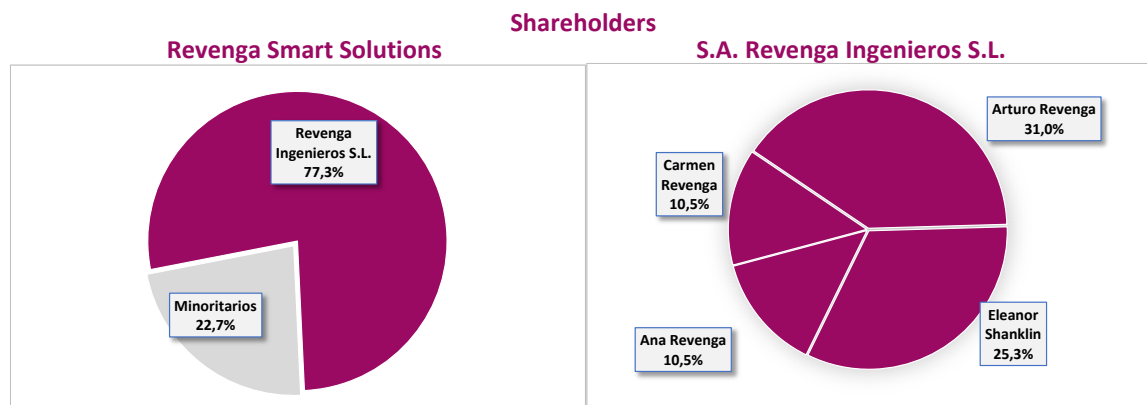


Meanwhile, the Global **Digital Railway** market is valued at USD 63.01bn in 2022 and is projected to reach USD 100.12bn by 2027, with a compound annual growth (CAGR) of 9.7%.



Shareholders / Board of Directors

Revenga Smart Solutions (RSS) has 1,083 shareholders, of which only Revenga Ingenieros, S.L. holds a 77.31% stake in the company's share capital. The remaining share capital constitutes 22.69% and is distributed among 1,082 shareholders, with a total of 2,508,599 shares. Based on the floating reference price of €3.44, RSS's total market value would be €38.03 million, with the minority shareholders' stake valued at €8.63 million.



Produced GPM

Initial Public Offering Price: The Board of Directors agreed in its meeting on 2.10.2023 to set a reference price of €3.440 per share for the commencement of RSS's stock trading. Based on the price of 3.44 euros per share, the valuation of 100% of the company's shares totals €38.03 million

Increase in Share Capital: Also, on 2.10.2023, it was resolved to increase the share capital, prior to the stock market listing, through the issuance of 2,304,444 new shares, raising the total number of shares in circulation to 11,055,967. The Board of Directors meeting held on October 2, 2023, also set the issue price for the Capital Increase resulting from the Subscription Offering at €3.428 per share, with a total subscription amount of €7.899 million.

Board of Directors

Nombre	Participación	Cargo	Cácter	Nombramiento	Duración
D. Arturo Revenga Shanklin	40,10%	C. Delegado	Dominical	31/07/2023	5 años
D. Enrique Cortés GarcíaHerreros	0,00%	Presidente	Independiente	31/07/2023	5 años
D. Alejandro de la Joya	0,00%	Vocal	Independiente	31/07/2023	5 años
Dña. Ana Revenga Shanklin	13,60%	Vocal	Dominical	31/07/2023	5 años
Dña Isabel Pardo de Vera	0,00%	Vocal	Independiente	31/07/2023	5 años
D. Alberto Fernández Paredes	0,00%	Vocal	Dominical	31/07/2023	5 años

Elaborated GPM

Description of Revenga Smart Solution (RSS)

RSS focuses its business on the development of hardware and software technological solutions for the Smart Mobility sector, aiming to make mobility safe, sustainable, simple, and satisfying.

Its business encompasses a wide range of areas, from transport infrastructure (railways, subways, trams; roads and highways; bus fleets) to transport stations and terminals (airports, ports, train stations, and bus terminals). The company operates as a direct provider of technological solutions and as a strategic partner for infrastructure managers and operators.

Areas in which it operates
Revenga Smart Solutions

Transport Terminals	Expressways Roads	Railway Subway Trams	Buses Other Public Transport
Passenger Information Systems	Traffic Management Tunnels Toll Systems (ITS)	Railway: Security Solutions	Fleet Bus Management

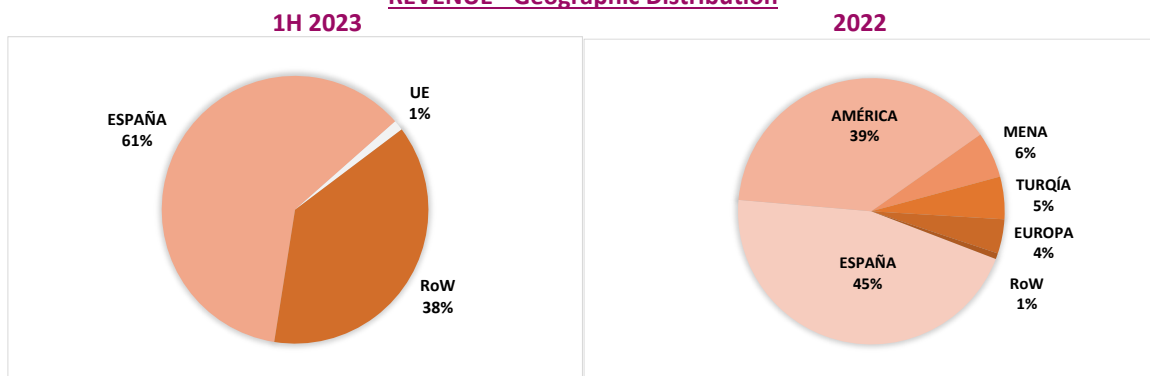
Elaborated GPM

Collaboration with Public Authorities: RSS also collaborates directly on smart mobility projects with public infrastructure and transportation agencies in various countries, including ADIF and DGT in Spain, as well as TCDD in Turkey, ENR in Egypt, among others. Additionally, RSS forms partnerships with prominent technology operators such as Siemens, Alstom, CAF, among others.

Geographic Revenue Diversification: RSS has established its global presence through projects in more than 30 countries. Its key markets include Spain, Turkey, Egypt, Ecuador, Qatar, Brazil, Colombia, Chile, and Uruguay. This geographical diversification reflects the company's growing global presence in the smart mobility solutions sector.

By the end of 2022, the Spanish domestic market represented 46% of its total revenue, which increased to 61% in 1H 2023. International expansion was notable, with 38.86% of sales in the Americas, 5.57% in the MENA region (Middle East and North Africa), 5.16% in Turkey, 4.16% in Europe, and 0.71% in other countries.

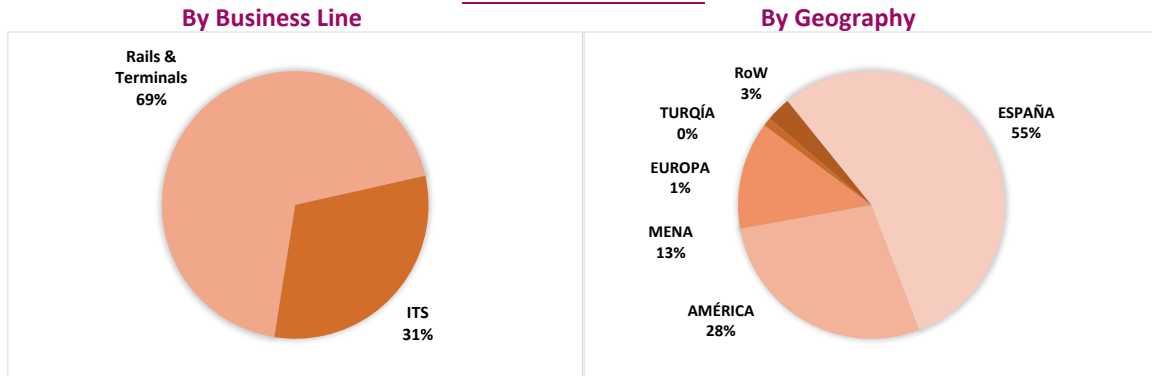
REVENUE - Geographic Distribution



Elaborated GPM

Project Portfolio +9.5% CAGR: In the context of RSS, in the short term, we do not anticipate significant changes in the geographical origin of its sales. This outlook is based on the distribution of the project portfolio at the end of 2022. This stability in the geographical origin of sales suggests a continuity in the company's revenue diversification, which, in turn, can provide a level of stability in the income stream for the coming years.

PROJECTS PORTFOLIO



Elaborated GPM

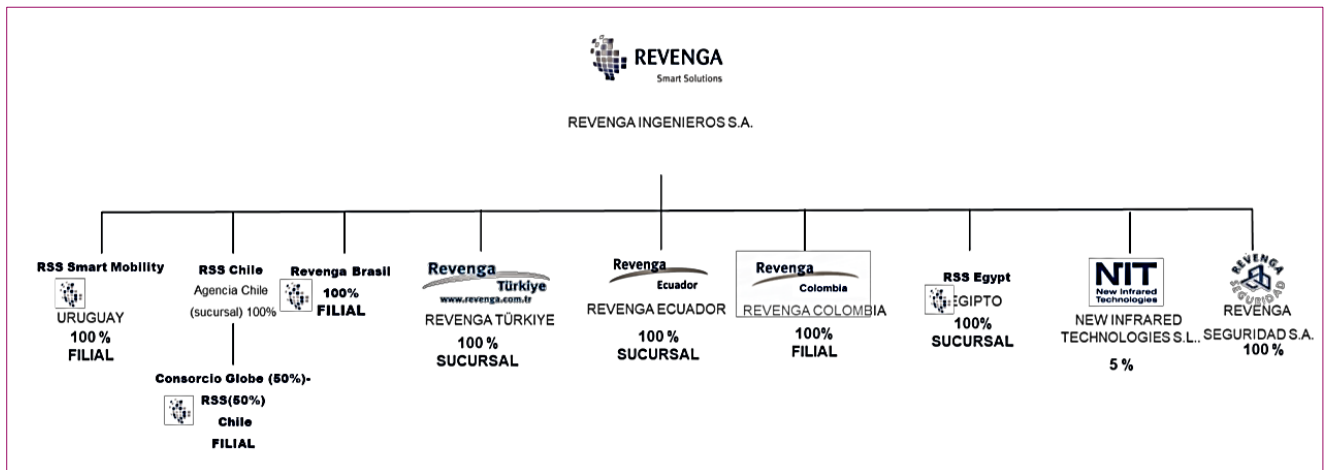
Revena Smart Solutions (RSS) anticipates a robust evolution in its project portfolio in the coming years. With a project portfolio valued at €103 million at the end of 2022, the business plan for the period 2023-2026 envisions organic growth that is expected to increase this portfolio to €148 million by the year 2026, representing a 9.5% CAGR.

Project Portfolio by Technology Solution (2022)

Solución (€m)	2021	2022	A/A (€m)	A/A %
RROX	26,93	21,63	(5,30)	(19,7)%
Aguterm+	0,90	1,03	0,13	14,8%
RailXcan	4,49	3,09	(1,40)	(31,1)%
TIPublic	35,90	41,20	5,30	14,8%
XTHINGS	0,90	5,15	4,25	473,8%
openITS	4,49	5,15	0,66	14,8%
ITS Peaje	6,28	9,27	2,99	47,5%
TICKETING/RT2P/SAE	9,87	16,48	6,61	66,9%
TOTAL	89,76	103,01	13,25	14,8%

Elaborated GPM

**Business Structure
Revena Smart Solutions (RSS)**



Fuente RSS

Main Subsidiaries of Revenga Smart Solutions:

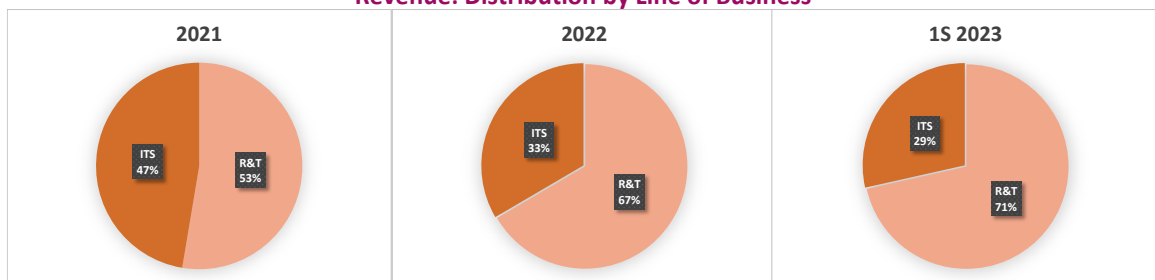
- RSS Smart Mobility (Uruguay) / Activity: Consulting, advisory, marketing, and installation of software and telecommunications equipment.
- Consorcio Globe Revenga (Chile) / Activity: Consulting, advisory, marketing, and installation of software and telecommunications equipment.
- Revenga Brasil Solucoes em Tecnologia / Activity: Consulting, advisory, marketing, and installation of software and telecommunications equipment.
- RSS Colombia / Activity: Consulting, advisory, marketing, and installation of software and telecommunications equipment.
- Revenga Ingenieros (Egypt) / Activity: Consulting, advisory, marketing, and installation of software and telecommunications equipment.
- Revenga Seguridad (Madrid) / Activity: Installation and maintenance of security devices, equipment, and systems.
- New Infrared Technologies (Madrid): A 5% stakeholder with a seat on the Board of Directors. Focuses on the design and manufacture of infrared sensors, holding a patent for the 3 to 5-micron lead selenide band, making it the only company in the world manufacturing these sensors.

Two Primary Business Segments

Intelligent Transportation Systems (ITS) and Rail & Terminals (R&T)

RSS categorizes its business into two major segments: **INTELLIGENT TRANSPORTATION SYSTEMS (ITS)** and **RAIL & TERMINALS (R&T)**. In 2022, the first of these business lines, ITS (Intelligent Transportation Systems), contributed 33% (compared to 47% in 2021), while R&T (Rail & Terminals) accounted for 67% (compared to 53% in 2021).

Revenue: Distribution by Line of Business



Elaborated GPM

In recent years, the trend has been marked by growth in the Rail & Terminals (R&T) business, reaching a 71% contribution in the past June, although it's worth noting that the strongest quarters are typically the 3rd and 4th.

I - INTELLIGENT TRANSPORTS SYSTEMS (ITS): It focuses on highways and roads, vehicle fleets, and bus terminals, with a cross-cutting emphasis on all ticketing systems used in urban transportation, subways, and buses, among others. The technological solutions in this business line include:

- Plataforma OpenITS: The tunnel and infrastructure management platform offers various functionalities, including traffic control, vehicle detection, traffic light management, incident handling, travel time estimation, and ventilation control.

OpenITS also provides solutions such as SOS posts with various communication capabilities, data collection stations to report vehicle speed and road occupancy, and remote stations that integrate real-time information from devices such as traffic counters and cameras.

Control Center
Tunnel Americo Vespucio Oriente - Chile



Source: RSS

- TICKETING/ RT2P/SAE:** Real-time payment platform for transportation systems with personalized accounts and L3 certifications using PCI DSS Visa Ready flow Transit certified PSP gateways. It facilitates real-time revenue collection, global routes, dynamic fares, and cost distribution with Big Data. It is used on ALSA buses in Lisbon, on Line 1 of the Quito Metro (with more than 1,200 access controls and 23 ticket vending machines and sales offices), and on bus dealerships of the Gipuzkoa County Council (Lurraldebus, ongoing).

Within the ticketing domain, there is OpenSAE, an operational assistance solution to control fleets and measure service performance. It offers real-time location tracking, fleet visualization, service assignment, as well as video surveillance and passenger information.

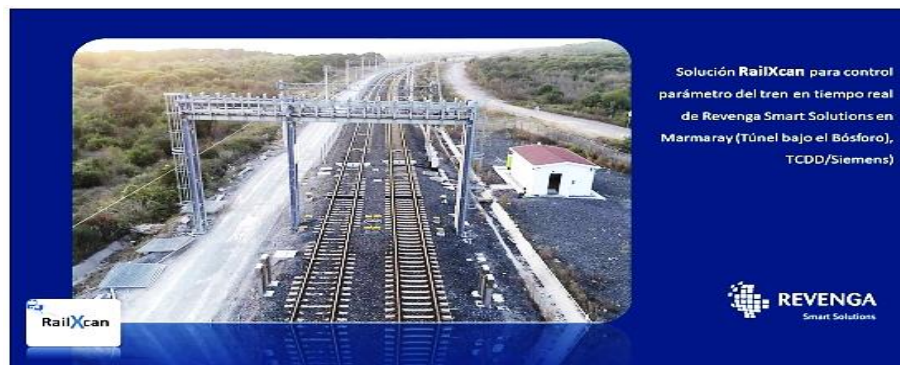
- Toll Systems:** The company subdivides this type of solution into two categories. Toll solutions include conventional tolls and free-flow systems. For conventional tolls, they manage signage, devices, auditing, and monitoring. For free-flow systems, they read license plates with high precision, support various payment methods, and use optical and 3D classification systems. Significant projects include Route 27 in Costa Rica and the Rumichaca-Pasto highway in Colombia for conventional tolls, as well as the 60 km D4R7 project for Cintra/Ferrovial in free-flow systems.

II - RAIL AND TERMINALS - R&T: This business unit addresses the needs of the railway sector, including systems for the subway, high-speed trains (AVE), trams, as well as transportation terminals, encompassing railway stations, airports, and ports. In this business segment, it is crucial to highlight the government's support for driving digital transformation in railway infrastructure.

Today, railway infrastructure technologies have advanced towards the Internet of Things (IoT), cloud computing, big data analytics to extract valuable insights, artificial intelligence algorithms, machine learning processes, and automation and robotics. These advancements lead to cost savings, improved efficiency, increased competitiveness, and enhanced profitability.

R&T involves a range of business lines, and it's worth highlighting that these architectures align with RENFE's strategic plan for 2023-2028 (RENFE is the state-owned company responsible for operating most Spain's railway services). This plan aims to promote the proSmart Train initiative.

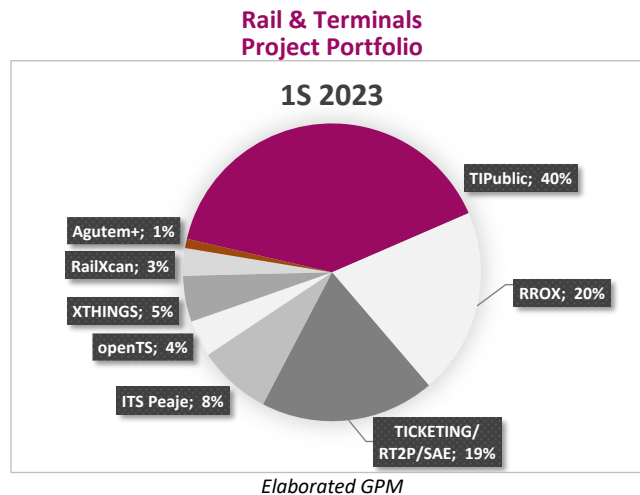
- **Railway Telephony REINSA:** A TCP-IP telephony solution designed to connect the control center with railway services and stations, offering advantages such as remote monitoring, control center integration, and proper signaling at level crossings. This solution has been deployed in projects in Spain, Algeria, and Turkey.
- **SIL-4 RAILROX Level Crossing System:** A state-of-the-art level crossing solution that can be powered by the electrical grid or solar energy with batteries. It also provides radio communication between signals and level crossings, reducing civil construction and wiring costs. Implemented in Spain, Turkey, Egypt, Algeria, Uruguay, Greece, and Gabon.
- **AGUTERM+ Railway Switch Heating System:** This system ensures the proper functioning of railway switches in adverse weather conditions, saving 35% of energy compared to conventional solutions. It achieves this through the measurement of various parameters and an RSS algorithm that minimizes energy usage. It offers both local and remote monitoring, integrates with the CTC, and is used in Spain, Turkey, and Poland.
- **Integrated Passenger Information Platform, TIPublic:** This system facilitates interaction between LED and TFT panels, EN-54 public address systems, and intercom systems. It includes multimedia content synchronization and management, as well as solutions for accessibility for people with disabilities. Implemented in several countries, including Spain, Panama, Turkey, Ecuador, Egypt, Algeria, and Brazil (in progress).
- **Railway Inspection Systems Platform, RailXcan:** This platform monitors the train's condition and its interaction with the infrastructure in real time. It can measure various parameters, such as wheel condition, landslides, broken rails, gauge excess, pantograph status, dragged objects, vertical impact, dynamic weighing, and hot boxes (Spain, Poland, Turkey, & Uruguay).



Fuente Revenga

- **X-THINGS:** Real-time Control Procedure for Electromechanical Systems in Railway Stations: This procedure is modular and customizable to meet the operator's specific needs, eliminating technological dependencies. It controls escalators, elevators, lighting, public address systems, access control, ticketing, and more. Currently in use on Line 1 of the Quito Metro and under implementation on Line 6 of the São Paulo Metro.
- **Other R&T Solutions:** RSS provides several innovative services, including GI-SIMA, a voice over IP management system for prisons with OEM intercoms, deployed in multiple centers in Spain. IRIS VIEW is a perimeter security system based on visible and infrared image analysis.

- RSS also supplies fixed-wing and multirotor drones to FFSS in Spain (Military and Security Services). The SmarTube platform detects incidents in tunnels using infrared vision, enabling fast evacuations, and has been implemented in the Petralba and Caldearenas tunnels in Spain.



Key Ongoing Projects

AVE MONFORTE del CID – MURCIA PROJECT (SPAIN): €128m project, of which RSS covers €32m.

A joint venture has been established with CAF (50%), Revenga (26%), and FCC (24%). It involves electronic interlocking systems, train protection, telecommunications, traffic control and LP maintenance.

- **Project for CINTRA – FERROVIAL:** This project has a value of €15.9m. It involves ITS systems, including vehicle sorting, on the D4R7 motorway in Bratislava (60 Km). Scope involves the design, supply, installation, and commissioning of ITS equipment, in addition to the control center.
- **SACYR, SACEEM, NGE, BERKES Project:** RSS participates in the Central Railway Consortium of Uruguay, a 270 km project with a total value of USD 20 million. It involves ERTMS-1 systems, communications, 190 RailRox level crossings integrated into ERTMS-1 and RailXcan railway inspection systems.
- **Project for the PROVINCIAL COUNCIL OF GIPUZKOA:** RSS leads a €19.75 million project (40% of the scope) in a joint venture with Gertek and Datik. The solution involves openSAE and RT2P platforms for the system of operating aid, passenger information and validation and sale of interurban road transport.
- **Project for SACYR – ALEÁTICA** for the management of a tunnel on the AMÉRICO VESPUCIO ORIENTE urban road. The project, valued at €10.6M, is managed by the Globe-Revenga S.A. Consortium, composed of Revenga Ingenieros S.A. in Chile and Globe S.A. This project includes the supply, installation, commissioning, and maintenance of the ITS Traffic and Tunnel Management System for the Américo Vespucio Oriente urban highway in Santiago, Chile, which encompasses 9.5 km of tunnels.
- **Project for SIEMENS** concerning the management of an underwater tunnel under the Bosphorus Strait and the modernisation of suburban railway lines along the Sea of Marmara. RSS leads a €9.0m project, covering the implementation of RailXcan railway inspection systems and Aguterm+ needle heaters.

Market Positioning

The "smart mobility" industry is highly competitive due to the increasing demand for intelligent and sustainable mobility solutions worldwide. Additionally, it faces diverse players, the need for constant innovation, significant investments, and ever-changing regulations.

- *Diversity of players:* In the "smart mobility" sector, a wide range of companies, from technology firms to vehicle manufacturers, transportation operators, startups, and governments, are involved.
- *Rapid innovation:* Technology evolves quickly, leading to constant innovation in smart mobility solutions, such as autonomous vehicles, advanced public transportation systems, and mobility applications.
- *Substantial investments:* Smart mobility solutions often require significant investments in research and development, infrastructure, and technology. This leads to intense competition for financial and technical resources.
- *Changing regulations:* Government regulations and mobility safety standards are constantly evolving.

Here is a list of companies that rivals with RSS.

Based on Size:
Intelligent Transport Systems Rail & Terminals

INTEGRADORES TOP	ESPECIALISTAS MENOR TAMAÑO	INTEGRADORES TOP	ESPECIALISTAS MAYOR TAMAÑO	ESPECIALISTAS MENOR TAMAÑO
INDRA	CITILOG	INDRA	ELSITEL	ENYSE
KAPSH TRAFICON	TRAFICON	THALES	PROGRESS RAIL	ALTPRO
SICE	AEP	SISTEM	VOESTAPLINE	CITRACC
ETRA	DATIK	ELECNOR/DEIMOS	MERMEC	TELICE
THALES		DOMINION		ICF
COMSA		AZD		ELECTRANS
GMV		SICE		ENA
SIEMENS		COMSA		WOLF
SWARCO		EFACEC		AREX
WEROX		ETRA		SESTO
TRANSCORE		IKUSI		KOMUD
SISTEM				
SONDA				
EYSA				
MASABI				
GERTEK				
PARKEON				
SAMSUNG				
LG				

Elaborated GPM

Direct Rivals

SOLUCIONES RAIL & TERMINALS	
COMPETIDORES	ESPECIALISTAS
INDRA	VOESTALPINE SIGNALLING
EFACEC	TELICE
COMSA	ENYSE
GMV	ELECTRANS
ELECNOR/DEIMOS	ICF
SISTEM/CPS	CITILOG
DOMINION	TRAFICON
IKU	
SOLUCIONES INTELLIGENT TRANSPORT SYSTEMS	
COMPETIDORES	ESPECIALISTAS
INDRA	CITILOG
KAPSCH TRAFICON	TRAFICON
GMV	
SONDA	
SISTEM	
SIEMENS	

Elaborated GPM

Business Plan 2023-26: Organic EBITDA Growth of 15.7% CAGR

RSS anticipates a sales growth of 11.4% CAGR and EBITDA growth of 15.7% CAGR between 2022 and 2026, which it aims to achieve through organic growth. This evolution is supported by the Company's business plan, bolstered by the favorable state of the sector, the potential of the autonomous vehicle, market expansion into new regions (U.S., Canada, and Australia), and an innovation strategy offering comprehensive solutions.

Business Plan Guides 2023-2026

	2026*
Cifra de negocio	71,1
TACC.	11,4%
EBITDA	7,5
TACC.	15,7%

Source RSS

Organic Growth: The progress is based on three points that are discussed below:

- Strong Growth in the Smart Mobility Sector:** The positive outlook in smart mobility will have a direct impact on RSS's business lines, for which a global growth of 16% CAGR is expected, positively affecting most of the business segments in which RSS operates.

The following table presents the values of the compound annual growth rates (CAGR) obtained from the Smart Mobility Market (Facts&Factors) and Digital Railway Market (Markets&markets) market studies.

The table demonstrates that in all segments of ITS (smart maps, autonomous vehicles, etc.), the CAGR exceeds 15%. In Railway & Terminals, the cumulative growth values are lower, although most of them remain in the high single-digit or low double-digit range.

Industry Outlook

RAILWAYS		Tacc 2023-26
Rail Control		5,7%
Rail Operations		8,2%
Smart Ticketing		8,5%
Asset Managemnet		9,1%
Workforce Mngmt		11,0%
Rail Automation		11,1%
ITS - Intelligent Transport Systems		Tacc 2023-26
Smart maps/secured comms/fleet management		16,1%-17,1%
Tecnología(4G/GIS/GPS/Wifl/Rfid)		15,5%-18,9%
Customer (Smartpayment, Smartparking, Ridesharing/robocabs)		16,2%-173%
Vehículo autónomo		16,3%

Elaborated GPM

- II. *High Expectations for Autonomous Vehicles:* Autonomous vehicles are expected to capture a 4.7% market share by 2030, with the industry growing to reach a market value of USD 7.997 billion. Currently, level 2 autonomous vehicle solutions are available, with the expectation of reaching level 5 by 2030.



Source: Automated Driving Roadmap

- III. *Opening of New Markets:* RSS plans to expand into major global infrastructure markets based on government investment policies such as the Biden Infrastructure Plan in the U.S. and the Infrastructure Investment Plan in Australia. To achieve this, the company will establish subsidiaries in these countries and offer solutions tailored to local regulations, targeting their key customers that have established a presence in these key markets. RSS also intends to enter the Canadian market.

Projects Portfolio: RSS also forecasts a significant advance of the project portfolio by 2026. Based on a backlog of €103m at the end of the 2022 financial year, this backlog is expected to increase to €148m in 2026 (growth of 9.5% CAGR), which subdivided by business lines would be €106.7m in Rail & Terminals and €41.5m in ITS, by the end of 2026.

Project Portfolio Estimates

Revenga	2022A	2026E	Tacc
€m	103	148	9,5%

Elaborated GPM

Inorganic Growth: Although RSS's target is to achieve its 2026 targets through organic growth, the company also raises the possibility of growth through acquisitions, to accelerate and improve the objectives of the 2023-26 business plan.

- *Geographically:* In addition to the U.S., Canada, and Australia, there is a possibility of accelerating entry into these markets. Expanding into new regions where RSS does not have a significant presence, such as Asia or Africa, through local acquisitions.
- *Growth of product/technology range:* Entry into low-traffic railway signaling systems could come through acquisitions. Furthermore, advancing in proprietary VAC technology (V2I, V2V) could be accelerated through acquisitions.
- *Expansion with complementary verticals:* Regarding air and port navigation, technological acquisitions are being considered. In Smart Cities, their platforms would be complemented with acquisitions in urban services.
- *Opening new segments:* Expansion through the opening of new channels involves considering the acquisition of local channels in areas where a greater presence is sought, especially in vast regions like the U.S. and Australia.

Binary Strategic Approach (Development with Partner vs. Own Business)

The RSS strategy is based on a model that combines two different approaches that are independent of the two lines of business.

- 1) On one hand, RSS forges technological alliances with partners in projects where the investing party is the partner itself, and RSS enters into a collaboration agreement.
- 2) On the other hand, RSS directly engages in projects by offering its in-house hardware and software solutions in response to its clients' demands.

Due to the rapid pace of technological advancements, significant investments are required to keep pace with the products developed by top global companies. For Revenga Smart Solutions, staying at the forefront of these solutions would entail making substantial investments that could carry high risks of non-compliance.

In collaborations, there is an approach where partners are responsible for the technological development of the project. In this process, RSS contributes its own solutions in the field of smart mobility. In other words, the partners take on the overall development of the project, while RSS incorporates its specialized solutions in the smart transportation and mobility segment.

Below are some contracts executed under the collaboration procedure:

- TETRA digital radio project for line 10 of the Madrid metro (collaboration with Motorola).
- Digital video surveillance network in the Madrid metro (collaboration with CISCO).
- SDH and DWDM optical systems at ADIF and AENA (collaboration with Huawei).

Geographic expansion: In the near term, RSS has concrete plans to geographically expand its presence in additional markets, including the U.S., Canada, and Australia. In addition, it anticipates a notable increase in its commitment to the development of autonomous vehicle technologies, a field in which RSS is well positioned to deliver innovative solutions.

Autonomous Vehicle: The expansion into the realm of autonomous vehicles not only reflects RSS's commitment to cutting-edge technology, but also its ability to lead in an ever-evolving market.

Managed lines: One of RSS's short-term growth goals is to expand into the Managed Lines segment. Notable examples include projects such as I-66 in the United States, where dynamic tolling systems powered by artificial intelligence are applied to boost efficiency and improve the user experience.

This boost in the dynamic toll business aligns perfectly with the Infrastructure Plan proposed by the Biden Administration, which opens business opportunities, in collaboration with traditional strategic RSS partners such as Ferrovial, Acciona, Sacyr, FCC and Aleática.

The convergence of these factors positions RSS to lead in the implementation of cutting-edge technologies in dynamic toll management and contribute to the development of state-of-the-art infrastructure around the world.

NextGenerationEU Funds (€33.7 billion)

The European Union has made a strategic commitment with funds of €33,700 million to invest in Smart Mobility, until 2027.

The NextGenerationEU Funds, focused on digitalization, are a unique opportunity for the sector and for RSS. This is aimed at plans for the deployment of pay-per-use, using Free-Flow technology, which can be addressed under the umbrella of these funds, as well as multiple projects, which public bodies (ADIF, RENFE, AENA, DGT), are tendering under this impulse.

Potential Projects NextGenerationEU Funds

- i. *Investment of €500m* for the deployment of free flow toll systems on high-capacity roads of the Spanish motorway network. It should be considered that there would be 5 companies with technology to be able to develop it, among which is RSS.
- ii. *Investment of €100m* for the sensorisation of the main high-capacity roads of the Spanish motorway and road network (Spanish Road Association, AEC).

In the process of Establishing Shareholder Remuneration

The company does not have a specific dividend policy. Although all shares have the same economic and voting rights, the company does not expect to distribute dividends until the generation of profits allows for it. However, in 2022, the results of 2021 were distributed as dividends in the amount of 641,240.53 euros. In 2021, the company did not record any dividends.

P&G Account Financial Analysis

H1 2023 Result

RSS's revenue stood at €14.18 million, a 13.86% decrease compared to 1H 2022. However, the EBITDA for 1H 2023 reached €1.81 million, representing a 14.80% increase compared to 1H 2022.

The EBITDA growth helps offset the decline in sales by focusing on more profitable projects and having a larger project portfolio by the end of 2022. This strategy ensures long-term production and sales, reducing the immediate pressure to sign new contracts.

P&L 1H 2023 (€m)

REVENGA (€m)	1S 2022	1S 2023	a/a	a/a
Ingresos	16,46	14,18	(2,28)	(13,9)%
Variación de existencias	(0,90)	1,54	2,44	(271,0)%
Trabajos del grupo para su activo	1,14	1,40	0,26	22,8%
Aprovisionamientos	(7,99)	(6,94)	1,05	(13,2)%
Otros ingresos de explotación	0,02	0,00	(0,02)	(98,1)%
Gastos de personal	(5,41)	(6,14)	(0,73)	13,5%
Otros gastos de explotación	(1,74)	(2,22)	(0,48)	27,9%
Amortización del inmovilizado	(0,75)	(0,89)	(0,14)	18,1%
Deterioros	0,00	0,00	(0,00)	(25,9)%
Otros resultados	0,00	-	(0,00)	(100,0)%
Resultado de Explotación	0,82	0,92	0,10	11,8%
% Ingresos	5,0%	6,5%		
Resultado del Ejercicio	0,19	0,18	(0,01)	(3,9)%
% Ingresos	1,1%	1,3%		
EBITDA	1,58	1,81	0,23	14,8%
% Ingresos	9,6%	12,8%		

Elaborated GPM

Among the causes that may explain the evolution of H1 2023, we highlight the following:

- The months of May and June saw delays on Line 1 of the Quito Metro due to municipal elections that paralyzed the project, but which is expected to be completed before the end of 2023.
- Slowdown due to the elections in Spain: The electoral processes in Spain have generated delays in projects and contributed to the 13.9% decrease in turnover in 1H'23.
- Business Seasonality: RSS turnover shows strong seasonality, concentrating most of the revenues in the 3rd and 4th quarters.
- Adverse effects on operating income. As for the rest of the P&G account, we highlight the following variations:
 - 271% decrease in stock variation;
 - 13.2% reduction in supplies; and
 - Notable increase of 13.5% in personnel expenses (non-recurring, due to the transfer of employees from Grupo Revenga Ingenieros, S.L. to Revenga Ingenieros, S.A.).

Results 2021 - 2022:

Revenue Growth: RSS has experienced significant revenue growth in the last twelve months, reaching €44.52 million as of June 2023. However, it's important to note that this growth has been influenced by the factors mentioned earlier.

June 2023 data represents a 20.7% increase compared to the 2021 revenue (€38.77 million), although they are 4.9% lower than the accumulated figures for the 12 months up to December 2022. We are confident that this trend will be reversed before the end of 2023, and we will surpass the results of the previous fiscal year.

Profit & Loss Account (€m)

REVENGA (€m)	1S 2022	2S 2022	1S 2023	2021	2022	LTM (Jun'23)
Ingresos	16,46	30,34	14,18	38,77	46,80	44,52
Variación de existencias	(0,90)	(2,38)	1,54	(2,9)	(3,3)	(0,8)
Trabajos para su activo	1,14	1,40	1,40	2,1	2,5	2,8
Aprovisionamientos	(7,99)	(18,19)	(6,94)	(22,2)	(26,2)	(25,1)
% Ingresos	(48,5)%	(60,0)%	(48,9)%	(57,3)%	(55,9)%	(56,4)%
Otros ingresos de explotación	0,02	0,02	0,00	0,0	0,0	0,0
Gastos de personal	(5,41)	(5,73)	(6,14)	(9,6)	(11,1)	(11,9)
% Ingresos	(32,9)%	(18,9)%	(43,3)%	(24,8)%	(23,8)%	(26,7)%
Otros gastos de explotación	(1,74)	(2,85)	(2,22)	(3,9)	(4,6)	(5,1)
Amortización del inmovilizado	(0,75)	(0,76)	(0,89)	(1,4)	(1,5)	(1,7)
Deterioros	0,00	0,01	0,00	0,2	0,0	0,0
Otros resultados	0,00	0,02	-	0,0	0,0	0,0
Resultado de Explotación	0,01	1,08	(0,00)	0,26	1,89	1,96
% Ingresos	0,1%	3,6%	(0,0)%	0,7%	4,0%	4,4%
Ingresos financieros	n.d.	n.d.	n.d.	0,16	0,15	n.d.
Gastos financieros	n.d.	n.d.	n.d.	(0,67)	(0,87)	n.d.
Var. de valor razonable	n.d.	n.d.	n.d.	(0,00)	(0,00)	n.d.
Diferencias de cambio	n.d.	n.d.	n.d.	0,06	(1,40)	n.d.
Deterioro enajenaciones de	n.d.	n.d.	n.d.	(0,02)	(0,01)	n.d.
Resultado Financiero				(0,47)	(2,14)	
Resultado del Ejercicio	0,19	(1,06)	0,18	0,50	0,55	(0,882)
% Ingresos	1,1%	(3,5)%	1,3%	1,3%	1,2%	(2,0)%
EBITDA	1,58	1,11	1,81	1,70	3,41	3,61
% Ingresos	9,6%	3,7%	12,8%	4,4%	7,3%	8,1%

Elaborated GPM

Increase in EBITDA: Regarding RSS's EBITDA, the data shows strong performance. In 2022, the EBITDA stood at €3.4 million, doubling the 2021 result of €1.7 million. What's even more significant is that in June 2023 (LTM), the EBITDA reaches €3.6 million, representing a 5.9% increase compared to 2022. These advancements are prominently reflected in the margin, which has risen to 8.1% (Jun 2023), in contrast to 7.3% in 2022 and 4.4% in 2021. This consistent growth in EBITDA and margin demonstrates RSS's ability to generate sustained profits.

Net Profit Volatility: The volatility in RSS's net profit has been evident in recent years. In 2022, net profit saw an increase of 9.5%, reaching €0.55 million compared to the €0.50 million of the previous year. However, in June 2023, the net result accumulated over 12 months (LTM) shows a negative net balance of €0.882 million, primarily due to negative exchange rate differences of €1.40 million in 2H 2022.

Regarding 2H 2023, we anticipate that currency fluctuations will not be a negative factor for RSS's results. The company is in a strong position to effectively manage these variations, and we expect this to result in a favorable evolution of the income statement for this year. RSS's ability to adapt to changing market conditions is an indicator of its resilience and risk management focus.

Balance Sheet Analysis: Consistent Progress

The balance sheet evolution from 2022 to 2023 appears neutral, with some negative variations in tangible fixed assets, equity, and current liabilities, offset by increases in inventory and reductions in long-term debt.

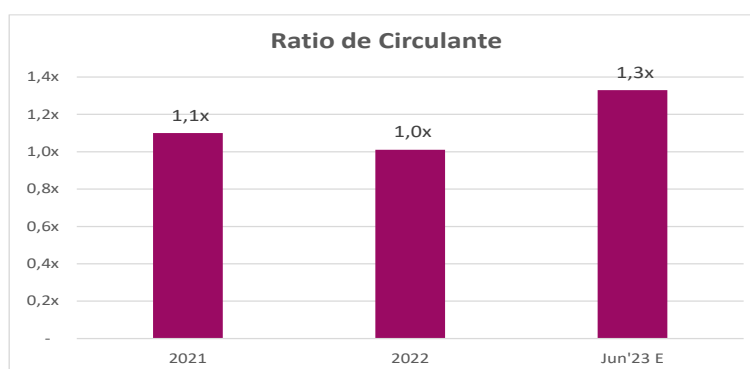
Balance Sheet					
Evolución Activo (en euros)	2021	2022	A/A	A/A	Jun'23 E (*)
ACTIVO NO CORRIENTE	20,05	19,34	(0,71)	(3,5)%	19,34
ACTIVO CORRIENTE	31,56	32,64	1,09	3,4%	40,57
TOTAL ACTIVO	51,61	51,98	0,38	0,7%	59,91
Evolución Pasivo (en euros)	2021	2022	A/A	A/A	2022
PATRIMONIO NETO	12,68	10,48	(2,20)	(17,3)%	20,21
Fondos propios	13,43	11,38	(2,04)	(15,2)%	19,31
PASIVO NO CORRIENTE	10,25	9,20	(1,05)	(10,2)%	9,20
PASIVO CORRIENTE	28,68	32,30	3,62	12,6%	30,50
TOTAL PATRIMONIO NETO Y PASIVO	51,61	51,98	0,38	0,7%	59,91
RATIO DE CIRCULANTE	1,1x	1,0x			1,3x
FFPP /PASIVO	34,5%	27,4%			48,6%
FFPP /PASIVO+FFPP	26,0%	21,9%			32,2%

Elaborated GPM / (*) includes capital increase of €7.93m

- **Non-current assets** : The decrease of €0.71m is due to the reduction in property, plant, and equipment. This item decreased by 3.5% year-on-year.
- **Current Assets**: Despite a decrease in short-term financial investments, current assets increased by 3.4% in 2022, driven by an increase in inventories, which we consider to be a positive development.
- **Equity**: The 17.3% reduction in equity is a worrying sign, particularly given that equity decreased by 15.2%. However, it is relevant to note that this trend has reversed in 2023, with an increase of €7.93 million to reach €19.31 million. This increase was achieved through a capital increase.
- **Non-current liabilities**: The 10.2% decrease in non-current liabilities is due to the reduction of long-term debts.
- **Current Liabilities**: The 12.6% increase in current liabilities is due to the increase in accounts payable and short-term provisions.

Changes in Working Capital Trend

RSS's current ratio has remained stable in recent years. In 2021, this ratio was 1.1x and remained unchanged in 2022 at 1.0x. This indicator suggests that the company had an adequate amount of current assets to cover its short-term liabilities during those years.



Elaborated GPM / 2023 includes capital increase

The improved current ratio in June 2023 (after adjusting for the capital increase), with a value of 1.3x, indicates that the company maintains its ability to meet its short-term obligations this year. However, it's essential to note that this ratio doesn't show a significant excess of current assets, suggesting that the company is managing its resources efficiently, without excessive liquidity.

Debt without Covenants

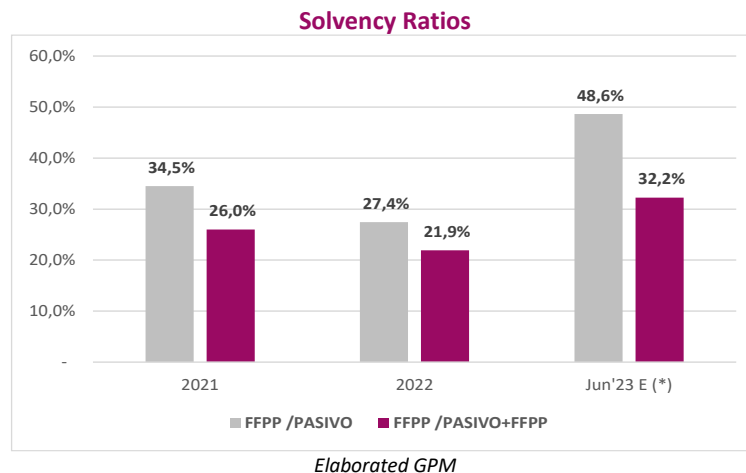
According to RSS's consolidated financial statements for the year 2022, the net financial debt stood at €23.05 million, which is equivalent to 5.5x its EBITDA for that year. However, when considering the adjusted net financial debt, this figure decreases to €17.65 million, improving the debt ratio to 4.2x the EBITDA. Furthermore, in June 2023, this indicator is further reduced to 3.4 times, calculated with an EBITDA of €4.35 million obtained in the last twelve months ending in June of the current year.

A net debt to EBITDA ratio of 5.5x (4.2x adjusted) is high and can be considered aggressive but acceptable. However, we believe that these indicators are tolerable since RSS operates in a growing sector and has developed a plan to finance projects with high potential returns, as well as to acquire assets that will drive its future growth.

It's important to note that there are no financial restrictions (covenants) in the credit lines.

Solvency Strengthens in 2023

The data reflects a mixed trend in RSS's solvency. Despite the decline in 2022, the company managed to recover and strengthen its financial position in June 2023, with an increase in the equity-to-liabilities ratio. This evolution suggests an improvement in the company's ability to support its liabilities with its own resources.



In 2021, the company had an equity-to-liabilities ratio of 34.5%, indicating a strong solvency position. However, in 2022, this figure decreased to 27.4%, which may have raised concerns about the company's ability to cover its liabilities with its own resources.

The situation has significantly improved by October 2023, where the Equity-to-liabilities ratio reached 48.6%. On the downside, it's important to note that this solvency improvement wasn't solely due to the company's ability to generate internal resources. However, it's encouraging to see that shareholders and investors have demonstrated confidence in the company's prospects by supporting it through a capital increase.

We assign Revenga Smart Solutions a fair value of € 4.19 /share

When comparing the current share price of Revenga Smart Solutions, which stands at €3.26, with our target price of €4.19, it becomes evident that the company's shares are trading at an appealing average discount of 22.2%. This discount suggests the potential for a substantial 28.5% increase in value, reinforcing the attractiveness of investing in the company.

In our comprehensive valuation of Revenga Smart Solutions, we have assessed three different reference scenarios, encompassing base, best, and weak cases, each yielding the following values:

Valuation of Revenga Smart Solutions

Escenario	DCF	Peers	Promedio	Cotización	Prima / (Desc)	Potencial
Base	€ 4,05	€ 4,33	€ 4,19	€ 3,26	(22,2)%	28,5%
Optimista	€ 7,42	€ 6,85	€ 7,14	€ 3,26	(54,3)%	118,9%
Pesimista	€ 2,31	€ 2,88	€ 2,60	€ 3,26	25,6%	(20,4)%

Elaborated GPM

The reference price set by the Board of Directors at €3.44 per share for the commencement of trading of RSS shares in the market can provide valuable insights to investors. It serves as an indicator of the value that the company and its board consider suitable for their shares when they become available in the open market. This reference price is a crucial reference point that can influence the initial market perception of the company's stock.

Valuation by DCF (Discounted Cash Flow) - €4.05

The Enterprise Value calculation is achieved through two approaches: the Perpetuity approach and the Exit EBITDA multiple approach.

In the Perpetuity approach, we consider the normalized free cash flow in the last period (t) amounting to €3.1 million and apply a long-term growth rate (g) of 3.0%. This gives us a terminal value of €72.2 million. We then discount this terminal value to present value, which amounts to €53.4 million. Additionally, we calculate the present value of cash flows from stage 1, totaling €8.7 million. Adding these two values together, we arrive at an Enterprise Value of €62.1 million.

In the Exit EBITDA multiple approach, we use an EBITDA exit multiple of 9.0x and the terminal year's EBITDA of €8.2 million. This results in a terminal value of €73.5 million. Once again, we discount it to present value, equating to €54.2 million. The final Enterprise Value is obtained by adding the present value of stage 1 (€8.7 million) to the terminal value, bringing the total Enterprise Value to €63.0 million.

Enterprise Value Estimation

Perpetuity approach		Exit EBITDA multiple approach	
Normalized FCF in last forecast period (t)	3,1	Terminal year EBITDA	8,2
Normalized FCF ^{t+1}	3,2	Terminal value EBITDA multiple	9,0x
Long term growth rate (g)	3,0%	Terminal value	73,5
Terminal value	72,2	Present value of terminal value	54,3
Present value of terminal value	53,4	Present value of stage 1 cash flows	8,7
Present value of stage 1 cash flows	8,7	Enterprise value	63,0
Enterprise value	62,1	Implied TV perpetual growth rate	3,1%
Implied TV exit EBITDA multiple	8,8x		

Elaborated GPM

Estimating Market Value Per Share

The per-share value is calculated by dividing the estimated market value for RSS (Equity value) by the number of diluted shares.

Fair Value per-Share

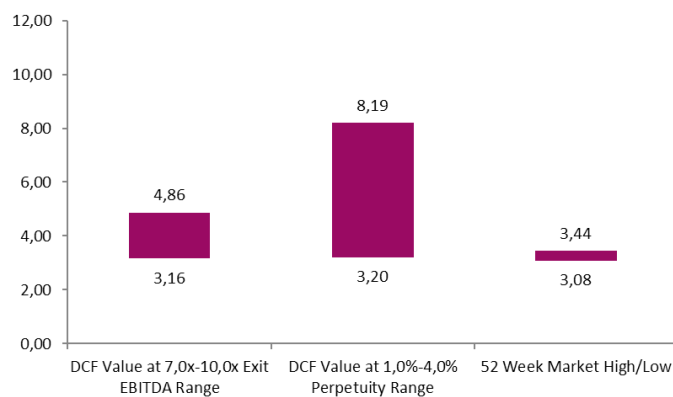
Fair value per share	Perpetuity	EBITDA	Average
Enterprise value	62,1	63,0	62,6
Less: Net debt	(17,7)	(17,7)	(17,7)
Less: Trapped cash	(0,1)	(0,1)	(0,1)
Equity value	44,3	45,2	44,8
Diluted shares	11,06	11,06	11,06
Equity value per share	€ 4,01	€ 4,09	€ 4,05
Market premium / (discount) to fair value	(18,7%)	(20,3%)	(19,5%)
Up/down potential	23,0%	25,5%	24,2%

Elaborated GPM

- **Perpetuity Approach:** In this scenario, the value of Revenga Smart Solutions is €44.3 million, and the number of shares is 11.06 million. Therefore, the per-share value is €4.01.
- **Residual EBITDA Approach:** In this scenario, the value of Revenga Smart Solutions is €45.2 million, and the number of diluted shares is 11.06 million. The per-share value is €4.09.
- **Average:** In this scenario, the average value of Revenga Smart Solutions is calculated to be €44.8 million, and it is divided by the number of diluted shares, which remains at 11.06 million. The per-share value in this case is €4.05.

The following graph provides an insight into how the company's value can change based on different valuation approaches and EBITDA multiples. Additionally, the information about the market price over the past 52 weeks highlights the variability in stock prices in the market.

DCF Valuation Summary



Elaborated GPM

DCF Value at 7,0x-10,0x Exit EBITDA: In this scenario, the calculation of the company's value through discounted cash flow (DCF) presents a wide range. It ranges from a minimum of €3.16, with an average value of €1.70, and reaches a maximum of €4.86. These values are derived from considering EBITDA exit multiples ranging from 7.0x to 10.0x. Consequently, it's justified that the company's value can fluctuate within this range, depending on EBITDA multiples.

Cash Flow Value in a "g" Range of 1.0% to 4.0%: In this scenario, the company's value is calculated using a perpetuity rate ranging from 1.0% to 4.0%. The minimum value is €3.20, the average value is €4.99, and the maximum value is €8.19.

Sensitivity analysis

Equity value per share						Equity value					
Long term growth rate (g):						Long term growth rate (g):					
€ 4,01	1,0%	2,0%	3,0%	3,5%	4,0%	€ 44,3	1,0%	2,0%	3,0%	3,5%	4,0%
WACC 9,0%	1,72	2,12	2,64	2,98	3,38	9,0%	19,0	23,4	29,2	32,9	37,3
WACC 8,0%	2,20	2,74	3,49	3,99	4,62	WACC 8,0%	24,3	30,3	38,6	44,2	51,1
WACC 7,5%	2,47	3,10	4,01	4,63	5,43	WACC 7,5%	27,3	34,3	44,3	51,2	60,1
WACC 7,0%	2,84	3,61	4,77	5,60	6,70	WACC 7,0%	31,3	39,9	52,7	61,9	74,1
WACC 6,0%	3,73	4,92	6,90	8,49	10,86	WACC 6,0%	41,2	54,4	76,3	93,8	120,1

Elaborated GPM

Equity value per share						Equity value					
Exit EBITDA Multiple						Exit EBITDA Multiple					
€ 4,09	7,0x	8,0x	9,0x	10,0x	10,0x	€ 45,2	7,0x	8,0x	9,0x	10,0x	10,0x
WACC 9,5%	2,70	3,20	3,71	4,21	4,21	9,5%	29,8	35,4	41,0	46,6	46,6
WACC 8,5%	2,85	3,37	3,90	4,42	4,42	WACC 8,5%	31,5	37,3	43,1	48,9	48,9
WACC 7,5%	3,00	3,55	4,09	4,64	4,64	WACC 7,5%	33,2	39,2	45,2	51,3	51,3
WACC 6,5%	3,16	3,73	4,30	4,87	4,87	WACC 6,5%	35,0	41,2	47,5	53,8	53,8
WACC 5,5%	3,33	3,92	4,51	5,10	5,10	WACC 5,5%	36,9	43,4	49,9	56,4	56,4

Elaborated GPM

Cost of Capital

Revenqa's cost of capital (WACC) has been calculated with a set of assumptions and weights. The cost of debt is set at 5.0%, considering a tax rate of 20.0%, resulting in an after-tax cost of debt of 4.0%.

The components of the cost of capital also include a risk-free rate of 3.35%, a beta of 1.000 (based on the short time that RSS shares have been in the market), and a market risk premium of 9.5%, resulting in an equity cost of capital of 12.9%.

The capital weights have been adjusted to 40% for market value and 60% for debt, reflecting a leveraged environment. The resulting WACC is 7.54%.

Cost of Capital

Cost of capital assumptions				
Cost of debt				5,0%
Tax rate				20,0%
After tax cost of debt				4,0%
Risk free rate				3,35%
Beta				1,000
Market risk premium				9,5%
Cost of equity				12,9%
Capital weights				
	Amount	% of total	Target	% of total
Market value of equity	35,2	66,5%	40,0%	40,0%
Net debt	17,7	33,5%	60,0%	60,0%
Cost of capital (WACC)				7,54%

Elaborated GPM

Peer Valuation

	2022E				2023E				2024E			
	EV / Revenue	EV / EBITDA	EV / EBIT	P/E	EV / Revenue	EV / EBITDA	EV / EBIT	P/E	EV / Revenue	EV / EBITDA	EV / EBIT	P/E
Median	2,2x	17,6x	15,6x	22,8x	1,6x	8,6x	11,7x	16,2x	1,4x	8,7x	11,5x	13,2x
Percentil.75 (High)	1,7x	12,8x	20,6x	28,9x	1,4x	9,8x	21,1x	32,7x	1,3x	12,3x	14,5x	17,8x
Percentil.25 (Low)	0,8x	4,6x	12,1x	13,1x	0,8x	6,0x	10,7x	13,5x	0,7x	5,4x	9,5x	9,3x
Mediana	€ 4,33											
Valor de Empresa	103,0	100,3	62,5	117,1	81,0	53,6	52,6	89,5	80,2	59,1	57,7	79,0
Deuda neta	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2
Valor de Mercado	86,8	84,1	46,3	100,9	64,8	37,4	36,4	73,3	64,0	42,9	41,5	62,8
Accs.circulación	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1
Valor/ acción	€ 7,8	€ 7,6	€ 4,2	€ 9,1	€ 5,9	€ 3,4	€ 3,3	€ 6,6	€ 5,8	€ 3,9	€ 3,8	€ 5,7
Promedio				€ 6,55				€ 4,18				€ 4,47
High	€ 6,85											
Valor de Empresa	78,5	73,2	82,4	144,0	73,0	60,8	94,9	164,6	75,2	83,8	72,4	101,0
Deuda neta	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2
Valor de Mercado	62,3	57,0	66,2	127,8	56,8	44,6	78,7	148,4	59,0	67,6	56,2	84,8
Accs.circulación	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1
Valor/ acción	€ 5,6	€ 5,2	€ 6,0	€ 11,6	€ 5,1	€ 4,0	€ 7,1	€ 13,4	€ 5,3	€ 6,1	€ 5,1	€ 7,7
Promedio				€ 7,1				€ 7,4				€ 6,1
Low	€ 2,88											
Valor de Empresa	37,4	25,9	48,5	74,2	41,2	37,4	48,3	77,2	41,4	36,6	47,6	60,3
Deuda neta	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2	16,2
Valor de Mercado	21,2	9,7	32,3	58,0	25,0	21,2	32,1	61,0	25,2	20,4	31,4	44,1
Accs.circulación	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1	11,1
Valor/ acción	€ 1,9	€ 0,9	€ 2,9	€ 5,2	€ 2,3	€ 1,9	€ 2,9	€ 5,5	€ 2,3	€ 1,8	€ 2,8	€ 4,0
Promedio				€ 2,74				€ 3,15				€ 2,74

Elaborated GPM

Comparable Companies

Empresaa	Ticker	2022A				2023E				2024E			
		EV/ Ventas	EV /EBITDA	EV/ EBIT	PER	EV/ Ventas	EV /EBITDA	EV/ EBIT	PER	EV/ Ventas	EV /EBITDA	EV/ EBIT	PER
Vantiva	VANTI FP	0,17x	2,89x	14,37x	nd	0,24x	3,20x	nd	nd	0,24x	3,02x	11,08x	nd
Ascom Holding	ASCN SW	1,05x	12,84x	24,09x	27,35x	0,98x	8,77x	12,56x	17,06x	0,93x	7,62x	10,44x	14,04x
Nedap	NEDAP NA	1,73x	11,15x	15,62x	18,30x	1,49x	9,81x	13,21x	15,86x	1,40x	9,06x	12,04x	14,04x
Invisio	IVSO SS	9,84x	78,03x	157,97x	253,54x	5,97x	21,99x	28,41x	38,78x	5,08x	18,22x	21,81x	28,69x
Cogelec	ALLEC FP	1,15x	8,65x	17,09x	29,40x	1,04x	7,51x	20,41x	43,24x	0,92x	5,95x	11,99x	21,62x
Ceotronics	CEK GR	1,04x	4,55x	9,15x	11,38x	1,02x	6,31x	8,91x	11,06x	1,00x	5,36x	nd	9,67x
Netgem	ALNTG FP	0,72x	3,92x	nd	nd	0,73x	3,41x	21,75x	26,69x	0,65x	2,99x	6,64x	8,90x
Ovzon	OVZON SS	2,73x	nd	nd	nd	3,25x	nd	nd	nd	2,52x	110,18x	nd	nd
Veom Group	ALVG FP	0,67x	187,90x	nd	nd	0,64x	37,58x	nd	nd	0,57x	13,42x	nd	nd
Hexatronic Group	HTR0 SS	1,52x	8,25x	9,87x	9,73x	1,15x	6,04x	7,54x	8,51x	1,01x	5,45x	6,77x	7,02x
Mediana (*)		2,20x	17,59x	15,62x	22,83x	1,56x	8,64x	11,69x	16,16x	1,39x	8,69x	11,08x	13,21x
Percentil,75		1,68x	12,84x	20,59x	28,89x	1,41x	9,81x	21,08x	32,74x	1,30x	12,33x	12,02x	17,83x
Percentil.25		0,80x	4,55x	12,12x	13,11x	0,79x	6,04x	10,74x	13,46x	0,72x	5,38x	8,61x	9,29x

Elaborated GPM

Overview of Peer Valuation



Elaborated GPM

Appendix : Description of the Industry in which RSS operates

Smart mobility is a new and revolutionary approach to transportation that aims to make it more environmentally friendly, safe, and efficient. This market is driven by several factors, including the increasing demand for efficient and sustainable transportation, advancements in technology, and the rise of government initiatives to reduce carbon emissions and improve transportation infrastructure.

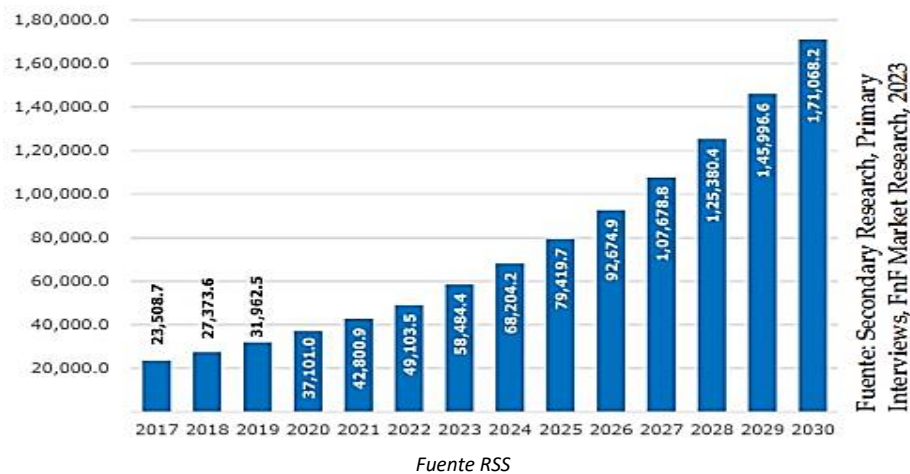
Smart mobility is another term used to describe the concept of intelligent mobility, referring to the use of alternative modes of transportation instead of private car use, such as light rail, subways, trams, or autonomous vehicles. The market is increasingly demanding the use of these modes to achieve a reduction in CO2 emissions and minimize the risk of accidents.

The principles that underpin the promotion and commercialization of smart mobility include greater flexibility due to the availability of multiple modes of transportation, integration, where routes are planned and monitored to minimize waiting times and disruptions, the use of technology to reduce accident risks and thereby reduce fatalities, the reduction of emissions, accessibility, and the social benefits it brings.

According to a market study by KBV Research, the smart mobility market in Europe is expected to register a compound annual growth rate of 18.2% from 2020 to 2026, with the goal of reaching €7.6 billion by 2030.

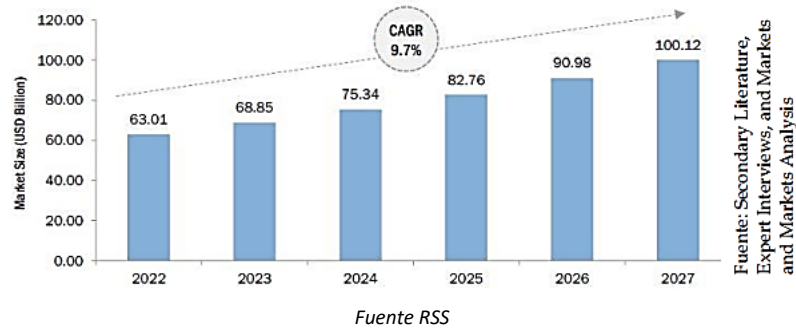
In Spain, this sector is supported by public administrations, which, through the Strategy for Safe, Sustainable, and Connected Mobility 2030, approved by the Council of Ministers on December 10, 2021, established the framework of action for the Ministry of Transport, Mobility, and Urban Agenda regarding the achievement of sustainable mobility objectives.

The global smart mobility market generated revenues of \$49.1 billion in 2022 and is projected to reach \$171 billion by 2030, growing at a compound annual growth rate of 16.6% between 2023 and 2030 (Global Smart Mobility Market 2017-2030 Facts & Factors).



Given the significance of the railway sector for Revenga Smart Solutions, specific analysis of the digitalization of the railway sector (Digital Railway Market) is included. This market had a volume of \$63.01 billion in 2022, with a forecast to reach \$100.12 billion in 2027, growing at a CAGR of 9.7% (Digital Railway Market Global Forecast to 2027, Markets & Markets).

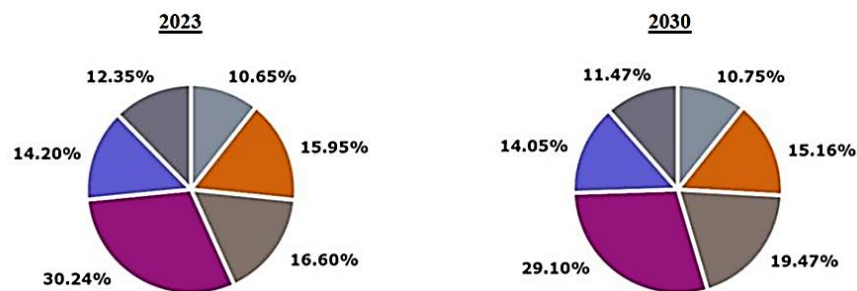
Digital Railway



The segmentation of the Global Smart Mobility study also allows estimating the potential market CAGR of various segments that apply to Revenga:

By smart mobility, where within this, there are 3 differentiated segments:

- Smart mapping: In 2023, the North American territory is expected to obtain 5.48 billion dollars, forecasting to reach the figure of 16.12 billion dollars by 2030, which represents a CAGR of 16.7%. In turn, Europe is expected to have revenues of \$4.32 billion in 2023, with a CAGR of \$13.08 billion expected by 2030, a CAGR of 17.2%.
- Secured communications: In 2023, the North American territory is expected to obtain 3.56 billion dollars, forecasting to reach 10.13 billion dollars by 2030, which represents a CAGR of 16.1%. In turn, in Europe, revenues of 3.26 billion dollars are estimated in 2023, and by 2030 it is expected to reach the figure of 9.27 billion dollars, which represents a CAGR of 16.5%.
- Fleet management: In 2023, the North American territory is expected to obtain 7.39 billion dollars, forecasting to reach 21.46 billion dollars by 2030, which represents a CAGR of 16.4%. In turn, Europe is expected to have revenues of \$6.70 billion in 2023, and a CAGR of \$20.10 billion is expected by 2030, a CAGR of 17.0%.
- Due to the technology used, where six different segments are observed, which yield a CAGR between 15.5% of the other segment and 18.9% of the GPS segment:

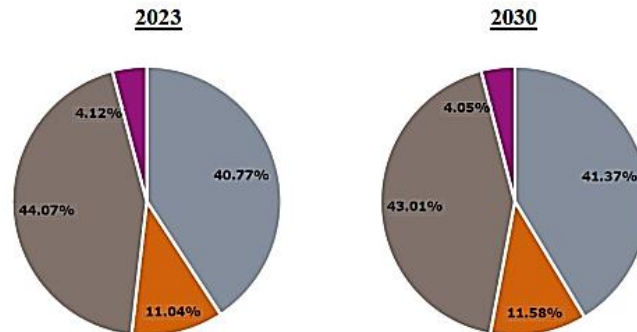


Fuente: Secondary Research, Primary Interviews, FnF Market research, 2023-2030

- 3G/4G
- WiFi
- GPS
- RFID
- Embedded systems (embarcados)
- Otros

Fuente RSS

- Customer mobility includes the segments of smart payment, smart parking, ride sharing and robocabs. Its global CAGR from 2023 to 2030 is expected to range from 16.2% for ride sharing to 17.3% for smart parking, as shown in the following chart:



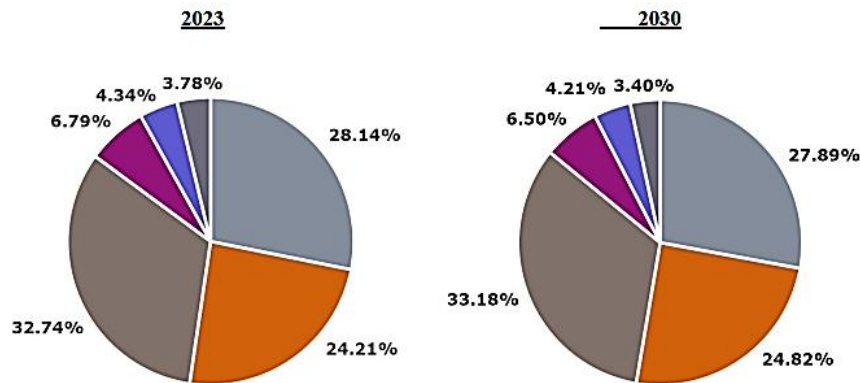
Fuente: Secondary Research, Primary Interviews, FnF Market research, 2023

- Smart payment
- Smart parking
- Ride sharing
- Robocabs

Fuente RSS

- Smart Payment:** In North America, it is expected to reach \$6.824 billion in 2023, increasing to \$20.083 billion in 2030, with a CAGR of over 16%. In Europe, the expected figure is slightly lower in both cases, reaching \$5.733 billion in 2023 and \$17.332 billion in 2030. This would result in a 17% CAGR, one percentage point higher than in North America.
- Smart Parking:** The figures for North America and Europe are lower than in the smart payment and ride-sharing segments. In North America, it is expected to reach \$1.772 billion in 2023, increasing to \$5.521 billion in 2030, with a CAGR of 17.6%. In Europe, slightly lower figures are expected in both periods, with \$1.605 billion in 2023 and \$4.921 billion in 2030, resulting in a CAGR two percentage points lower.
- Ridesharing:** This segment is expected to deliver the best results in both regions. In North America, it is expected to reach \$7.346 billion in 2023, increasing to \$20.903 billion in 2030, with a CAGR of 16%. In Europe, the revenues would be \$6.207 billion and \$20.903 billion, respectively, with a corresponding CAGR of 16.6%.
- Robocabs:** As the last segment to comment on, it also has the lowest estimated revenues. In this case, Europe surpasses North America in revenue expectations, with \$653 million in 2023, increasing to \$2.022 billion by 2030, with a CAGR of 17.5%. In North America, revenues are expected to be \$496 million, reaching \$1.200 billion in 2030, resulting in a CAGR that is 4 percentage points lower than Europe's

To conclude with the study of the Smart Mobility market and with the projections of its evolution reflected in the study, we show the evolution of this market broken down by regions:



Fuentes: Secondary Research, Primary Interviews, FnF Market research, 2023

- North America
- Europe
- Asia-Pacific
- Latin America
- Middle East
- Africa

Source RSS

- North America: For this territory between 2023 and 2030, a CAGR of 16.4% is reflected, forecasting revenues of \$16.44 billion and \$47.71 billion, respectively.
- Europe: A CAGR of 16.9% is expected in this region between 2023 and 2030, the highest of the countries to be discussed, resulting in revenues of \$14,202 million and \$42,459 million, respectively.
- Asia-Pacific: This area is the second fastest-growing, with the highest revenue for the periods discussed, reaching \$19.18 billion in 2023 and \$56.76 billion in 2030, representing a CAGR of 16.8%.
- South America: It ranks fourth in terms of expected revenues, standing at \$3.95 billion in 2023 and \$11.119 billion in 2023, with a CAGR of 15.9%.
- Middle East: It is one of the regions for which lower revenues are forecast in both periods, however, it is expected to grow at a CAGR of 16% between 2023 and 2030. Revenues of \$2.53 billion are expected for the first of these periods and \$7.202 billion for the second.
- Africa: It is the territory for which the lowest income is projected, however it is the third in terms of growth, compared to the rest of the territories mentioned. Revenue of \$2.182 billion is expected for the year 2023 and \$5.816 billion for the year 2030, representing a CAGR of 15%.

Furthermore, within the smart mobility market, the Company's Rail and Terminals business line holds significant weight, with a fundamental focus on serving the railway sector. Therefore, the following outlines this specific market, both on a global and national scale.

The railway sector plays a crucial role in smart mobility because, while roads and airways dominate the transportation sector, railways are a fundamental element of so-called smart cities. A smart city is characterized by the coexistence of infrastructure, communications, and human capital with the aim of achieving a fully sustainable economy.

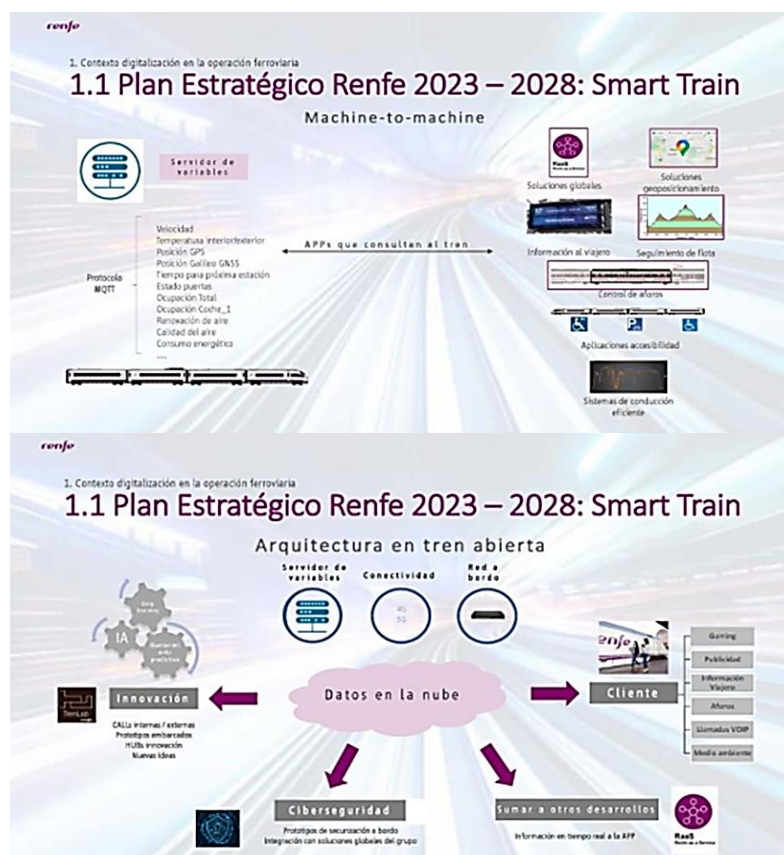
One advantage for the development of efficient railway operations is the support of governments in promoting the digital transformation of railway infrastructure.

The implementation of technologies in railway infrastructure is not a recent development, as this conceptualization began during the 1990s, with the introduction of GSM-R (Global System for Mobile Communications on Railways). The use of these technologies evolved in subsequent years, introducing PTC (a train control system aimed at increasing safety), CBTC (a radio-based railway control and signaling system), and PIS (Passenger Information Systems for entertainment).

Currently, these solutions have evolved into more advanced systems, including IoT (Internet of Things), cloud computing (the delivery of on-demand computing resources over the internet), big data analytics (advanced analysis of large datasets to extract valuable insights), artificial intelligence algorithms, machine learning processes, and automation and robotics.

The evolution of IoT and its use in railways allows users to stay updated on train schedules, journey duration, and other information through electronic devices.

We have attached some of the architectures that Renfe includes in its 2023-2028 strategic plan for Smart Train:



Fuente RSS

Therefore, the integration of these technologies aims to achieve digital railways. In more developed markets, achieving digital railways is done by renovating and improving the existing infrastructure, with the support of governments and the push from public-private partnerships.

Companies operating in this niche market have enormous opportunities because the phenomenon of globalization is increasing the demand for these systems, and it reflects the coexistence of speed and safety. In the coming years, a total of €310 billion is expected to be used on a global scale to improve and replace the railway system.

One notable key project is autonomous or semi-autonomous trains, which can operate by themselves or with minimal human intervention (ATO, People Mover). Solutions of this kind are deployed by many operators like Metro de Madrid, TMB/Metro de BCN, etc. The People Mover at T-4 Barajas is particularly noteworthy.

One solution that is expected to change the landscape of smart trains is Hyperloop, an ultra-fast capsule designed as a train in low-pressure tubes to transport passengers and cargo. It is currently in production, with proposed projects worldwide, such as in India, where they plan to create a route between Mumbai and Pune, reducing a 3-hour journey to an estimated 25 minutes. Another solution to be implemented on a large scale for increased safety is the use of drones to identify track issues and access locations that are dangerous for humans. RSS was a pioneer in offering this service to ADIF, utilizing the Spylite, one of the microdrones. However, limitations on airspace usage prevented the ADIF contract, which has restricted the development of such services in Spain and Europe.

Now, let's continue with the analysis of regions where the Company has a significant presence (source: DIGITAL RAILWAY MARKET – GLOBAL FORECAST TO 2027, Markets and Markets, 2022):

- The North American market is made up of advanced economies, which allows this region to invest more heavily in the digitalization of its railway structure. It is considered an important player, also due to the use of this means of transport by countries of such a large size, both for the transport of passengers and for the movement of goods. Also, the investment in R+D spending by both American and Canadian companies, which have made great advances in IoT, has been a driving force behind this niche. The North America market is forecast to grow by 10.7% during the years 2022-2027.
- The Western European market has a stable infrastructure, where several rail operators are already using advanced digital solutions. Free trade policies within the European Union promote cross-border transactions and the free movement of passengers.

ERTMS (European Rail Traffic Management System) or Capacity for Rail, a project presented by a consortium of companies from 13 different nationalities, and subsidized by the European Union, aims to implement a cross-cutting approach in railway track design, create wider freight trains, calculate traffic capacity for both cargo and passengers, and achieve advanced monitoring of infrastructures. It is estimated that Europe will account for most of the global digital railway market during the period 2022-2027, with a market share exceeding 22.24%, primarily due to the advanced technological and commercial ecosystem in the region.

The market in Latin America is in the process of development, and as the economies of the region are growing rapidly, various states are pushing for government initiatives to digitize the railway infrastructure. The rapid urbanization in cities requires efficient urban and interurban public transportation to support the socio-economic growth in this region. Latin America is expected to grow at a CAGR of 10.3% during the period from 2022 to 2027.

Finally, it's worth highlighting the innovative advancements brought by some of the major companies in the smart mobility sector during the years 2021 and 2022.

- In June 2021, Wabtec Corporation partnered with CSX Transportation to implement digital technologies that deliver a 37% reduction in emissions across CSX's fleet.
- In January 2022, the RENFE Group awarded DXC Technology a contract to modernise and manage the company's entire information technology infrastructure, all due to the increase in passenger and freight traffic.
- In May 2022, Huawei developed train-to-ground communications using its own Wi-Fi 6, which powers autonomous driving of trains.

Estimates

P&G Account Projections

Fiscal year	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Fiscal year end date	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27
Revenue	38,80	46,80	51,95	57,66	64,01	71,05	78,86
Cost of sales	(23,00)	(26,90)	(29,20)	(32,41)	(35,97)	(39,93)	(44,32)
Personnel expense	-	-	-	-	-	-	-
Selling, general & administrative	(14,60)	(17,20)	(18,70)	(20,76)	(23,04)	(25,58)	(28,39)
Operating profit (EBIT)	1,20	2,70	4,05	4,50	4,99	5,54	6,15
Interest income	-	-	0,14	0,26	0,33	0,39	0,45
Interest expense	(0,55)	(2,10)	(1,80)	(1,59)	(1,69)	(1,76)	(1,83)
Other expense	(0,00)	(0,10)	(0,10)	(0,10)	(0,10)	(0,10)	(0,10)
Pretax profit	0,65	0,50	2,28	3,07	3,53	4,07	4,67
Taxes	(0,10)	-	(0,23)	(0,46)	(0,71)	(1,02)	(1,17)
Net income incl. MI	0,55	0,50	2,06	2,61	2,83	3,05	3,50
Minority Interest	-	-	-	-	-	-	-
Preferred interest	-	-	-	-	-	-	-
Net income GAPP	0,55	0,50	2,06	2,61	2,83	3,05	3,50
Basic shares outstanding	11,06	11,06	11,06	11,06	11,06	11,06	11,06
Impact of dilutive securities	-	-	-	-	-	-	-
Diluted shares outstanding	11,06	11,06	11,06	11,06	11,06	11,06	11,06
Basic EPS	€ 0,05	€ 0,05	€ 0,19	€ 0,24	€ 0,26	€ 0,28	€ 0,32
Diluted EPS	€ 0,05	€ 0,05	€ 0,19	€ 0,24	€ 0,26	€ 0,28	€ 0,32
<u>Growth rates & margins</u>							
Revenue growth	-	20,6%	11,0%	11,0%	11,0%	11,0%	11,0%
Gross profit as % of sales	40,7%	42,5%	43,8%	43,8%	43,8%	43,8%	43,8%
R&D margin	-	-	-	-	-	-	-
SG&A margin	37,6%	36,8%	36,0%	36,0%	36,0%	36,0%	36,0%
Tax rate	15,4%	-	10,0%	15,0%	20,0%	25,0%	25,0%
<u>EBITDA reconciliation</u>							
Depreciation & amortization	1,40	1,50	1,61	1,71	1,81	1,91	2,02
Stock based compensation	-	-	-	-	-	-	-
EBITDA	2,60	4,20	5,66	6,21	6,80	7,45	8,16
<i>margin</i>	6,7%	9,0%	10,9%	10,8%	10,6%	10,5%	10,4%

Estimates and Elaborated GPM.

P&G Account Projections

REVENGA SMART SOLUTIONS							
P&L (€m)	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Revenue	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Cost of sales	(59,3)%	(57,5)%	(56,2)%	(56,2)%	(56,2)%	(56,2)%	(56,2)%
Gross Profit	40,7%	42,5%	43,8%	43,8%	43,8%	43,8%	43,8%
Personnel expense	-	-	-	-	-	-	-
Selling, general & administrative	(37,6)%	(36,8)%	(36,0)%	(36,0)%	(36,0)%	(36,0)%	(36,0)%
Operating profit (EBIT)	3,1%	5,8%	7,8%	7,8%	7,8%	7,8%	7,8%
Interest income	-	-	0,3%	0,5%	0,5%	0,5%	0,6%
Interest expense	(1,4)%	(4,5)%	(3,5)%	(2,8)%	(2,6)%	(2,5)%	(2,3)%
Other expense	(0,0)%	(0,2)%	(0,2)%	(0,2)%	(0,2)%	(0,1)%	(0,1)%
Pretax profit	1,7%	1,1%	4,4%	5,3%	5,5%	5,7%	5,9%
Taxes (enter expense as -)	(0,3)%	-	(0,4)%	(0,8)%	(1,1)%	(1,4)%	(1,5)%
Net income incl. MI	1,4%	1,1%	4,0%	4,5%	4,4%	4,3%	4,4%
Minority Interest	-	-	-	-	-	-	-
Preferred interest	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Net income GAPP	1,4%	1,1%	4,0%	4,5%	4,4%	4,3%	4,4%
<u>Growth rates & margins</u>							
Revenue growth	-	20,6%	11,0%	11,0%	11,0%	11,0%	11,0%
Gross profit as % of sales	40,7%	42,5%	43,8%	43,8%	43,8%	43,8%	43,8%
R&D margin	-	-	-	-	-	-	-
SG&A margin	37,6%	36,8%	36,0%	36,0%	36,0%	36,0%	36,0%
Tax rate	15,4%	-	10,0%	15,0%	20,0%	25,0%	25,0%
EBITDA	6,7%	9,0%	10,9%	10,8%	10,6%	10,5%	10,4%

Estimates and Elaborated GPM.

Balance Sheet

Fiscal year	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Fiscal year end date	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27
Cash & Equivalents	6,95	5,33	10,00	15,00	18,00	21,00	24,00
Accounts receivable	20,87	20,12	21,82	24,22	26,88	29,84	33,12
Inventory	3,58	7,04	7,64	8,48	9,41	10,44	11,59
Deferred tax assets	0,16	0,16	0,16	0,16	0,16	0,16	0,16
Other current assets	-	-	-	-	-	-	-
Total Current assets	31,56	32,64	39,61	47,85	54,45	61,44	68,87
Property, plant & equipment	4,41	2,85	4,91	7,21	9,76	12,58	15,72
Acquired intangible assets (inc. GW)	13,70	14,55	13,05	11,45	9,75	7,95	6,05
Other assets	1,95	1,95	1,95	1,95	1,95	1,95	1,95
Total assets	51,61	51,99	59,52	68,46	75,90	83,92	92,59
Accounts payable	14,18	17,18	18,64	20,70	22,97	25,50	28,30
Accrued expenses & def rev.	0,71	0,51	0,57	0,63	0,70	0,77	0,86
Revolver	13,78	14,61	17,57	21,79	24,06	26,42	28,70
Total Current liabilities	28,68	32,30	36,78	43,11	47,73	52,69	57,86
Long term debt	10,23	9,17	10,17	10,17	10,17	10,17	10,17
Other non-current liabilities	0,02	0,03	0,03	0,03	0,03	0,03	0,03
Total liabilities	38,93	41,51	46,99	53,31	57,93	62,90	68,06
Common stock / APC	14,74	12,84	12,84	12,84	12,84	12,84	12,84
Treasury stock	-	-	-	-	-	-	-
Retained earnings / deficit	(1,65)	(1,66)	0,39	3,00	5,83	8,88	12,38
Other comprehensive income / (loss)	(0,41)	(0,69)	(0,69)	(0,69)	(0,69)	(0,69)	(0,69)
Total equity	12,68	10,48	12,50	15,10	18,00	21,00	24,50
<i>Balance check</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>
Ratios							
Short-Term Debt	€ 13,8	€ 14,6	€ 17,6	€ 21,8	€ 24,1	€ 26,4	€ 28,7
Long Term Debt	€ 10,2	€ 9,2	€ 10,2	€ 10,2	€ 10,2	€ 10,2	€ 10,2
Total debt (€m)	€ 24,0	€ 23,8	€ 27,7	€ 32,0	€ 34,2	€ 36,6	€ 38,9
Net debt (€m)	€ 17,1	€ 18,5	€ 17,7	€ 17,0	€ 16,2	€ 15,6	€ 14,9
Asset turnover	0,75x	0,90x	0,87x	0,84x	0,84x	0,85x	0,85x
Net profit margin	1,4%	1,1%	4,0%	4,5%	4,4%	4,3%	4,4%
Return on Assets (ROA)	1,1%	1,0%	3,7%	4,1%	3,9%	3,8%	4,0%
Return on Equity (ROE)	4,3%	4,3%	17,9%	18,9%	17,1%	15,7%	15,4%
ROIC (NOPAT / (Equity+Net Debt))	3,4%	9,3%	12,1%	11,9%	11,7%	11,4%	11,7%

Estimates and Elaborated GPM.

Balance Sheet

REVENGA SMART SOLUTIONS							
Balance Sheet (€m)	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Cash & Equivalents	13,5%	10,2%	16,8%	21,9%	23,7%	25,0%	25,9%
Accounts receivable	40,4%	38,7%	36,7%	35,4%	35,4%	35,6%	35,8%
Inventory	6,9%	13,5%	12,8%	12,4%	12,4%	12,4%	12,5%
Deferred tax assets	0,3%	0,3%	0,3%	0,2%	0,2%	0,2%	0,2%
Other current assets	-	-	-	-	-	-	-
Total Current assets	61,1%	62,8%	66,6%	69,9%	71,7%	73,2%	74,4%
Property, plant & equipment	8,5%	5,5%	8,3%	10,5%	12,9%	15,0%	17,0%
Acquired intangible assets (inc. GW)	26,5%	28,0%	21,9%	16,7%	12,8%	9,5%	6,5%
Other assets	3,8%	3,7%	3,3%	2,8%	2,6%	2,3%	2,1%
Total assets	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Accounts payable	27,5%	33,0%	31,3%	30,2%	30,3%	30,4%	30,6%
Accrued expenses & def rev.	1,4%	1,0%	1,0%	0,9%	0,9%	0,9%	0,9%
Revolver	26,7%	28,1%	29,5%	31,8%	31,7%	31,5%	31,0%
Total Current liabilities	55,6%	62,1%	61,8%	63,0%	62,9%	62,8%	62,5%
Long term debt	19,8%	17,6%	17,1%	14,9%	13,4%	12,1%	11,0%
Other non-current liabilities	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%
Total liabilities	75,4%	79,8%	78,9%	77,9%	76,3%	74,9%	73,5%
Common stock / APC	28,6%	24,7%	21,6%	18,7%	16,9%	15,3%	13,9%
Treasury stock	-	-	-	-	-	-	-
Retained earnings / deficit	(3,2)%	(3,2)%	0,7%	4,4%	7,7%	10,6%	13,4%
Other comprehensive income / (loss)	(0,8)%	(1,3)%	(1,2)%	(1,0)%	(0,9)%	(0,8)%	(0,7)%
Total equity	24,6%	20,2%	21,0%	22,1%	23,7%	25,0%	26,5%
<i>Balance check</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>

Estimates and Elaborated GPM.

Cash Flow Projections

Fiscal year	2020A	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Fiscal year end date	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27
Cash from operating activities			1,54	2,89	3,19	3,39	3,58	3,98
Cash from investing activities			-	(2,18)	(2,41)	(2,66)	(2,94)	(3,25)
Cash from financing activities				4,0	4,2	2,3	2,4	2,3
Net change in cash during period				4,7	5,0	3,00	3,00	3,00

Estimates & Elaborated GPM

Free Cash Flow Projection

Fiscal year	2020A	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Fiscal year end date	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27
EBITDA		2,6	4,2	5,7	6,2	6,8	7,5	8,2
EBIT		1,2	2,7	4,0	4,5	5,0	5,5	6,1
tax rate		15,4%	-	10,0%	15,0%	20,0%	25,0%	25,0%
EBIAT (NOPAT)		1,0	2,7	3,6	3,8	4,0	4,2	4,6
Unlevered CFO				4,5	4,4	4,6	4,7	5,1
Unlevered FCF				2,3	2,0	1,9	1,7	1,8
<i>% growth</i>					<i>(13,2)%</i>	<i>(5,3)%</i>	<i>(8,2)%</i>	<i>5,4%</i>

Estimates & Elaborated GPM

Financial Ratios

	2021A	2022A	2023P	2024P	2025P	2026P	2027P
Profitability							
Return on Common Equity	4,3%	4,3%	17,9%	18,9%	17,1%	15,7%	15,4%
Return on Assets	1,1%	1,0%	3,7%	4,1%	3,9%	3,8%	4,0%
Return on Capital	1,8%	1,7%	6,8%	8,1%	8,3%	8,3%	8,9%
Return on Invested Capital	3,4%	9,3%	12,1%	11,9%	11,7%	11,4%	11,7%
Margin analysis							
Gross Margin	40,7%	42,5%	43,8%	43,8%	43,8%	43,8%	43,8%
EBITDA Margin	6,7%	9,0%	10,9%	10,8%	10,6%	10,5%	10,4%
Operating Margin	3,1%	5,8%	7,8%	7,8%	7,8%	7,8%	7,8%
Pretax Margin	1,7%	1,1%	4,4%	5,3%	5,5%	5,7%	5,9%
Net Income Margin	1,4%	1,1%	4,0%	4,5%	4,4%	4,3%	4,4%
Net Income to Common Margin	1,4%	1,1%	4,0%	4,5%	4,4%	4,3%	4,4%
CFO margin	nm	3,3%	5,6%	5,5%	5,3%	5,0%	5,0%
Short Term Liquidity							
Cash Ratio	0,24x	0,16x	0,27x	0,35x	0,38x	0,40x	0,41x
Current Ratio	1,10x	1,01x	1,08x	1,11x	1,14x	1,17x	1,19x
Quick Ratio	0,97x	0,79x	0,87x	0,91x	0,94x	0,96x	0,99x
Asset Turnover							
Total Asset Turnover	0,75x	0,90x	0,93x	0,90x	0,89x	0,89x	0,89x
Fixed Asset Turnover	5,8x	7,1x	7,9x	8,5x	9,1x	9,7x	10,2x
Acc. Receivable Turnover	1,9x	2,3x	2,5x	2,5x	2,5x	2,5x	2,5x
Inventory Turnover	4,33x	3,67x	3,62x	3,62x	3,62x	3,62x	3,82x
Payables turnover	1,62x	1,72x	1,63x	1,65x	1,65x	1,65x	1,65x
Solvency							
Short-Term Debt (€m)	13,8	14,6	17,6	21,8	24,1	26,4	28,7
Long Term Debt (€m)	10,2	9,2	10,2	10,2	10,2	10,2	10,2
Total Debt (€m)	24,0	23,8	27,7	32,0	34,2	36,6	38,9
Net debt (€m)	17,1	18,5	17,7	17,0	16,2	15,6	14,9
Total Debt/EBITDA	9,24x	5,66x	4,90x	5,15x	5,03x	4,91x	4,76x
Net Debt/EBITDA	6,57x	4,39x	3,13x	2,73x	2,39x	2,09x	1,82x
Total Debt/EBIT	20,01x	8,81x	6,85x	7,11x	6,86x	6,61x	6,32x
Net Debt/EBIT	14,22x	6,84x	4,38x	3,77x	3,25x	2,81x	2,42x
EBITDA to Int. Expense	4,7x	2,0x	3,1x	3,9x	4,0x	4,2x	4,5x
EBITDA-CapEx/Int. Expense	4,7x	2,0x	3,1x	3,8x	4,0x	4,2x	4,4x
EBIT to Int. Expense	2,2x	1,3x	2,2x	2,8x	3,0x	3,2x	3,4x
Common Equity/Total Assets	24,6%	20,2%	21,0%	22,1%	23,7%	25,0%	26,5%
Total Debt/Equity	189,4%	227,0%	221,9%	211,6%	190,2%	174,2%	158,6%
Total Debt/Capital	65,4%	69,4%	68,9%	67,9%	65,5%	63,5%	61,3%
Total Debt/Total Assets	46,5%	45,7%	46,6%	46,7%	45,1%	43,6%	42,0%
Net Debt/Equity	134,6%	176,1%	141,9%	112,3%	90,2%	74,2%	60,7%
Net Debt/Capital	(4,5)%	(4,9)%	1,0%	6,4%	11,2%	15,4%	19,5%

Estimates & Elaborated GPM

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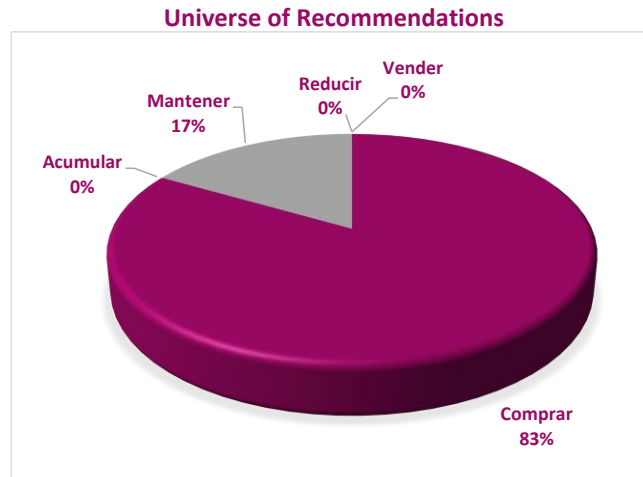
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Elaborated GPM

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