Greening

15 February 2024, 8:15 a.m.

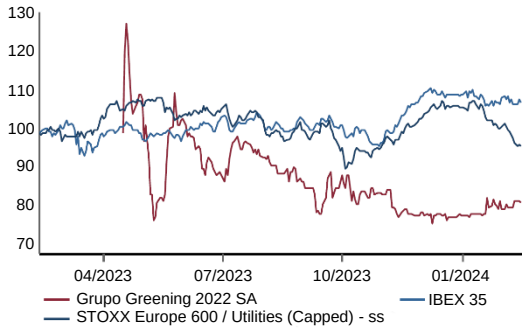
Eduardo Imedio Cano
Equity Research Analyst

Initiating Coverage: the star of the rooftops

OVERWEIGHT

Target price:	**€7.47**
Current price:	**€5.35**
Potential:	**39.6%**

Stock market performance



Source: FactSet

Performance	1 m.	3 m.	12 m.
Absolute	3%	5%	n.a.
Relative	5%	0%	n.a.

GGR.MC / GGR ES

Market cap. (€ million)	153.1
No. of shares (million)	29.1
Free Float	16.5%
Daily vol. (€ million)	0.1
Min/Max 12 months (€)	4.88 - 9.90
YTD revaluation	3.7%

	Buy	Hold	Sell
Factset Consensus	100%	0%	0%

	2022	2023e	2024e
P/E	n.a.	27.5x	13.1x
EV/EBITDA	n.a.	17.8x	14.6x
EV/Sales	n.a.	1.7x	1.7x
P/BV	0.0x	4.2x	3.2x
ND/EBITDA	4.4x	1.6x	6.3x
Pay-Out	n.a.	0.0%	0.0%
Div.Yield	n.a.	0.0%	0.0%
FCF Yield	0.0%	-15.2%	-65.8%
ROCE	13.7%	16.9%	10.1%
ROE	25.4%	15.2%	24.1%

Source: Company and Renta 4 Banco estimates.

A leading company in industrial self-consumption solutions...

Greening Group is a **leading company in self-consumption solutions for companies**, with a vertically integrated business model through 4 divisions: **1) Self-consumption solutions**: turnkey projects (EPC) for self-consumption and utility-scale plants, **2) Power generation**: produced by the Group's own plants, **3) Commercialisation**: management of plant surpluses and the creation of energy communities, **4) Product**: manufacture of structures for photovoltaic plants.

...with an international and vertically integrated business model...

By integrating these activities under the same business model, Greening aims to become an **energy partner for its customers**. In addition, the strong **international vocation** it has maintained since its beginnings, being, according to company sources, the No. 1 *player* in industrial self-consumption in Spain and Mexico, No. 2 in Italy and maintaining a strong position in the United States, France and Germany, allows it to support large industrial customers in other geographies, serving as **a competitive advantage** and **attracting new contracts**.

...which is reinforced by the development of its own project portfolio...

Greening is developing its own project portfolio, consisting of both self-consumption projects built and operated by Greening (**PPA on-site)**, as well as large-scale plants connected to the electricity system (**utility-scale**), supplying the customer with additional energy that cannot be covered by self-consumption. **The project portfolio exceeds 5,000 MW** (107 MW PPA on-site and 4,826 MW utility-scale).

...and an ambitious Strategic Plan for 2023-2025.

Simultaneously to the **IPO in April 2023**, Greening launched a Strategic Plan for 2025, setting itself the targets of 1) achieving revenue of **€226 million and EBITDA of €30 million** (multiplying by 10 the 2022 EBITDA) and 2) completing its transition to an IPP (Independent Power Producer) with **500 MW in operation and under construction.**

Conclusion: OVERWEIGHT and P.O. €7.47 eur/share

In a context of extreme **energy volatility**, the Greening proposal gains value as a way to offer a **cheap, clean and predictable energy supply for companies**. Our valuation, carried out by a Sum of the Parts (*SOTP*) of the Group's various divisions, shows a **significant upside** (40%) to take positions in a leading company in the industrial self-consumption sector.

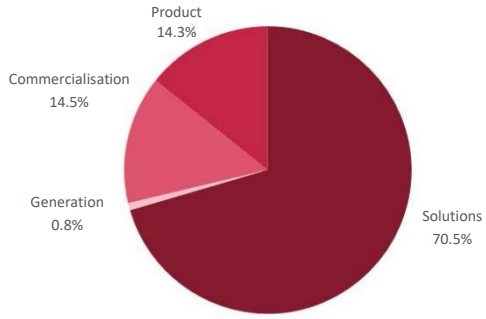
€ million	2020	2021	2022	2023e	2024e	2025e
Sales	12.6	17.4	43.8	101.6	163.9	219.7
EBITDA	0.4	1.2	3.3	9.6	18.7	29.1
Margin (%)	3.5%	6.9%	7.6%	9.5%	11.4%	13.3%
EBITDA consensus	0.4	1.2	3.3	9.9	20.3	29.7
Net Profit	0.2	0.7	2.3	5.7	11.9	10.8
EPS (€)	n.a.	n.a.	n.a.	0.19	0.14	0.37
DPS(€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF	-4.3	-3.8	-14.6	-23,7	-102.4	-75.4
NFD + / net cash-	3.7	6.4	14.5	15.6	118.0	193.4

Source: Company and Renta 4 Banco estimates.

Greening on one page

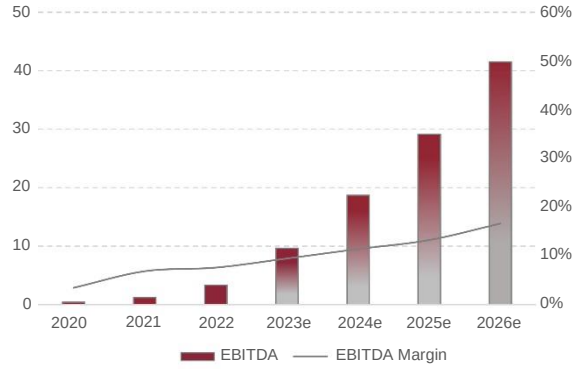
Founded in 2011, Greening is a vertically integrated renewable energy project developer focused on photovoltaic self-consumption solutions, renewable generation projects, energy trading and manufacturing of components for the renewable industry in Europe (Spain, Italy, Germany, France), North America (USA and Mexico) and Africa (Morocco).

Revenue by business line 2023e



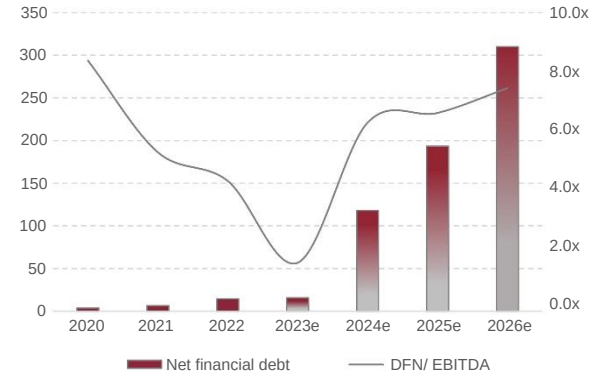
Source: Greening and Renta 4 Banco estimates

Evolution of EBITDA (€ million)



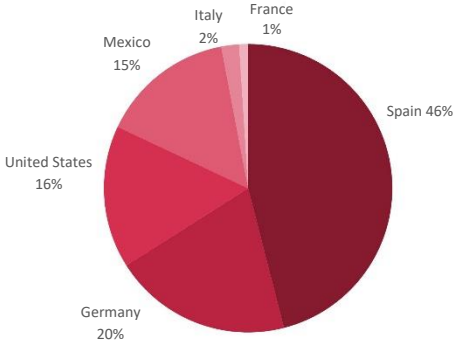
Source: Greening and Renta 4 Banco estimates

Net Financial Debt / EBITDA



Source: Greening and Renta 4 Banco estimates

Total Pipeline Breakdown by geography 1H23



Source: Greening and Renta 4 Banco estimates

Investment thesis

1- Record energy prices in recent years have led to a profound **change in the way industry's energy needs are addressed.** In the same way that the European Union is backing renewable energies as a way to achieve greater energy sovereignty, companies have found a way **to ensure the stability of supply and reduce their exposure to the price volatility** of the energy markets in photovoltaic self-consumption.

2- Thanks to the cost reduction of solar photovoltaic technology, self-consumption is currently **one of the fastest and most effective ways** for companies to reduce their **energy costs and increase their competitiveness**.

3- With a vertically integrated business model and international operational capacity, Greening is **positioned to capture much of the expected growth in the** self-consumption sector in the coming years.

Catalysts

1- Obtaining new self-consumption contracts.

2- Accelerating growth in the United States.

3- Emergence of new opportunities for attractively priced inorganic growth.

4- Public incentive schemes.

Risks

1- Economic downturn slowing down the implementation of self-consumption projects.

2- Increase in financing costs

3- Falling energy prices making investment in self-consumption less profitable

Contents

1. Origin of Greening and BME Growth IPO

1.1 Origin of Greening - Internationalisation and vertical integration

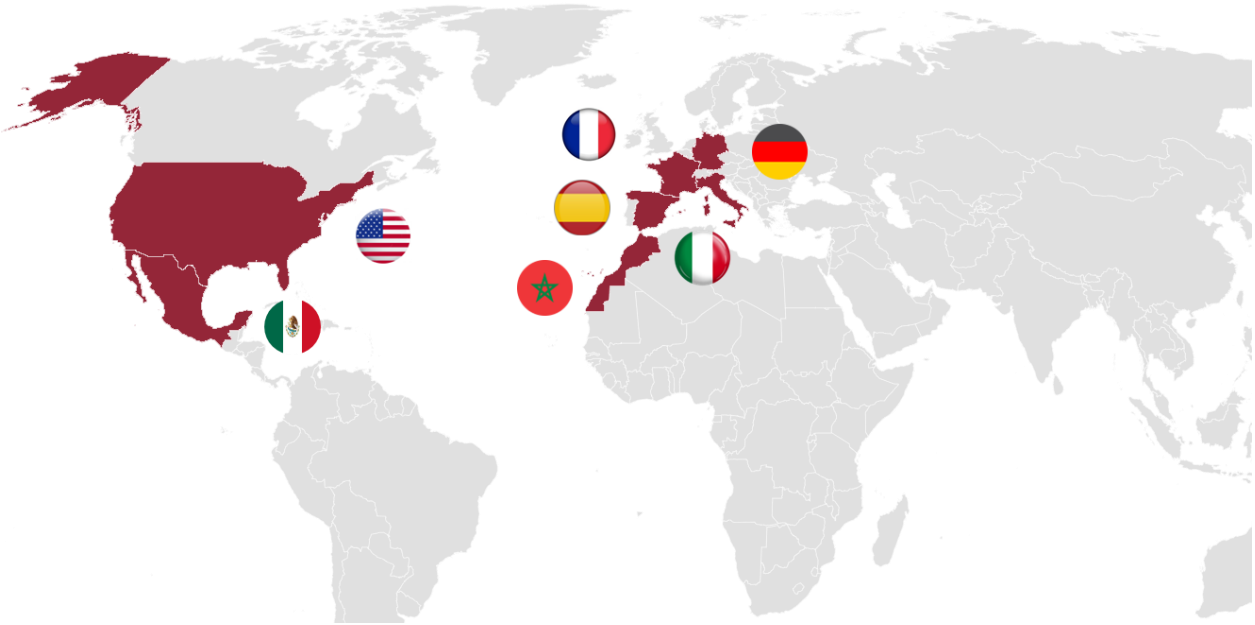
Founded by Mr. Ignacio Salcedo (current CEO and Chairman of the Board of Directors**), Mr. Antonio Palacios** (Vice-Chairman of the Board of Directors**) and** Mr. Manuel Mateos **(Executive Director), Greening started its** activity in ***2011 as a* Spin-Off** of the University of Granada to develop small photovoltaic self-consumption projects, with the aim of helping farmers in **the installation of irrigation and pumping systems powered by photovoltaic energy**.

Due to the financial crisis and the legislative changes suffered by the renewable sector in Spain between 2012 and 2015 (implementation of RD 900/2015, also known as the "sun tax"), Greening began its **geographical diversification process** with the opening of an office in Morocco, taking advantage of the need for photovoltaic installations that would allow the pumping of drinking water. Subsequently Greening continued to open up new geographies: **Mexico** (2019), **Italy** (2021), **Germany** and **United States** (2022) and **France** (2023).

The internationalisation process undertaken by Greening helped the company **to cope with regulatory** changes in the PV sector, which in its early days **was highly dependent on public subsidies.** Over the years, the reduction in the costs of the technology has made self-consumption not only profitable without any support or regulatory remuneration scheme, but also a great option for companies to obtain a **cheap, clean and stable electricity supply**, which makes it less vulnerable to political changes.

Greening's strong **international vocation** is today one of its greatest competitive advantages, serving as a **source of attracting new contracts by making** it **possible to accompany large industrial customers** in other geographies.

Table 1. Greening is present in the world's largest economies

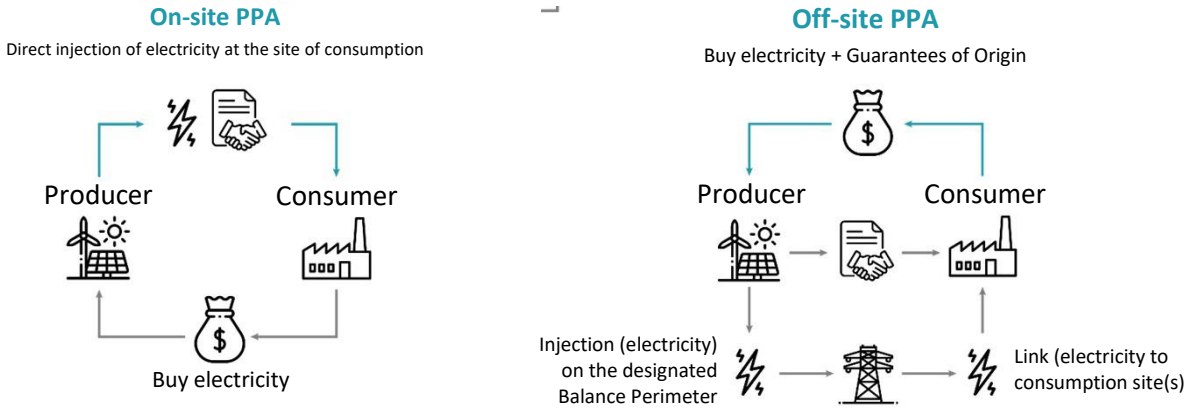


Source: Greening and Renta 4

At the same time as opening new markets, Greening gradually began to **transform its business model**, expanding its capabilities to integrate **more stages of the value chain**. From carrying out only self-consumption projects, Greening **started manufacturing electrical panels, structures and metal supports on which** the photovoltaic modules are mounted, from a factory in Jerez del Marquesado, Granada (SunSupport). Subsequently, seeing that some customers had greater energy needs than the self-consumption installation could generate, it began **to supply energy from the grid through its own energy supplier (Lidera Energía)**, thus being able to cover energy consumption during non-solar hours and manage the offsetting of the surpluses generated.

Until then, Greening worked under **EPC contracts**, with the **customer bearing the full cost of the installation**. To circumvent this limitation, Greening is starting to offer **PPA on-site contracts,** long-term power purchase agreements with the self-consumption installation itself. Under this format, Greening built the plant on the customer's premises (the *off-taker*), who agrees to buy **all or a large part of the energy generated at a fixed price**, usually for periods **of 10 to 20 years.** Once the contract is terminated, the installation reverts to the customer at zero cost. In this way, the customer can continue to install the self-consumption system without increasing the assets and debt on their balance sheet, while Greening obtains a **stable and recurring revenue stream**.

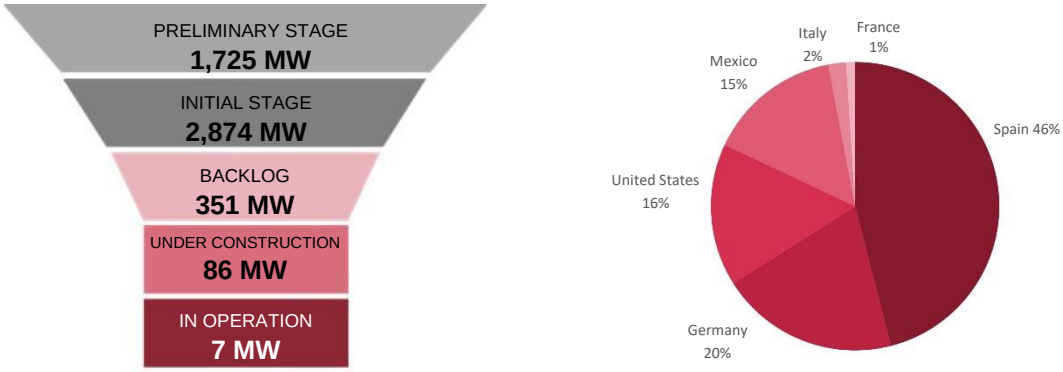
Table 2. PPA On-Site vs PPA Off-Site



Source: Voltalia

Finally, Greening started **to develop utility-scale projects**, large-scale photovoltaic plants connected to the electricity system, to **complement the portfolio of own generation projects**. With this strategy, **it began the transformation of the business model** towards a more capital-intensive and long-term oriented model, reaching a total *pipeline* of 5,000 MW PPA on-site + utility-scale projects.

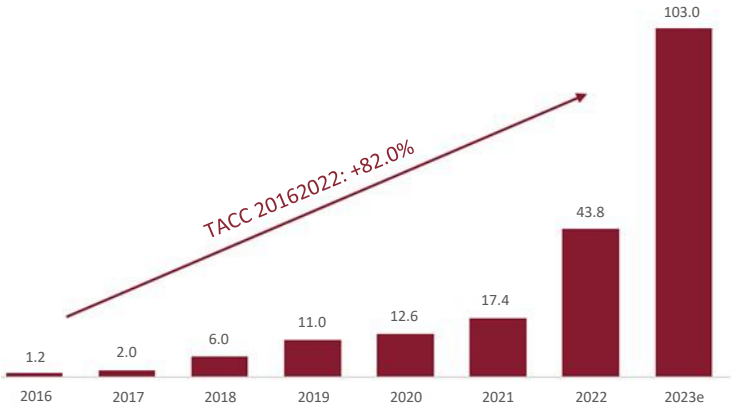
Table 3. Total *pipeline* distribution (PPA on-site + utility-scale) by stage



Source: Greening and Renta 4

With internationalisation and vertical integration as its hallmarks, Greening has **accumulated a solid growth** trajectory in recent years, being able to **increase revenue at an annual rate of 82% (2016-2022).** In the very short term, Greening expects this trend, far from slowing down, to accelerate to **135% by 2023** (company budget 2023 vs. consolidated turnover 2022), with **70% international contribution.**

Table 4. Turnover evolution (2016-2023e)



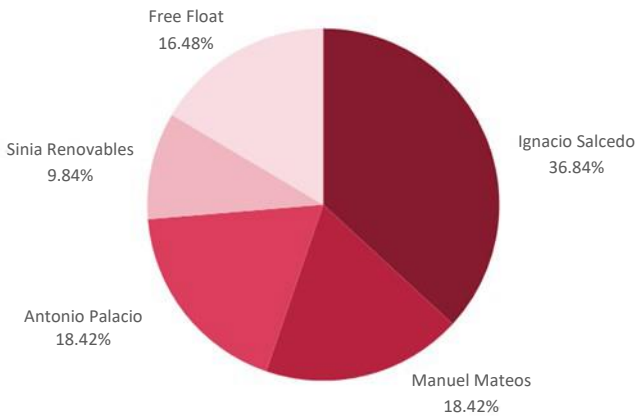
Source: 2023 Greening Budget Estimate

1.2 BME Growth IPO - Acceleration of the investment plan

In order to accelerate its investment plan, Greening joined the BME Growth market in 2023 through a capital increase of €23 million, **valuing the entire Group at €143 million** (*post money*). Greening started trading on 17 April 2023 at a price of € 4.92/share. After the capital increase, the *free float* amounts to 16.48%.

In addition to obtaining **sufficient financial muscle** for the construction of its **portfolio of own generation projects** (PPAs on-site + utility-scale), the capital increase and BME Growth IPO was carried out **with the aim of increasing international visibility, professionalism of management and diversifying the sources of financing**. At the same time as the IPO, Greening launched an ambitious Strategic Plan for 2025, where, among other goals, it set out to achieve more than 500 MW in operation and construction in both photovoltaic generation plants and industrial PPAs.

Table 5. Shareholders and Board of Directors



Source: BME Growth and Renta 4

Ignacio Salcedo	Chairman and CEO
Manuel Mateos	Executive Director
Antonio Palacios	Executive Director
Gian Carlo Nucci	Executive Director
Ana Ribalta	Independent Director
José María Huch	Independent Director
José Pazo	Independent Director
Raquel Lacilla	Non Director Secretary
Beatriz Remacho	Non Director Deputy Secretary

2. Business Lines

The current business model is based on high vertical integration. Greening provides services in all stages of the value chain, divided **into 4 main business lines**: **1) Self-consumption** solutions (EPC), **2) Power generation** (PPA on-site and utility-scale), **3) Commercialisation** and **4) Product** manufacturing.

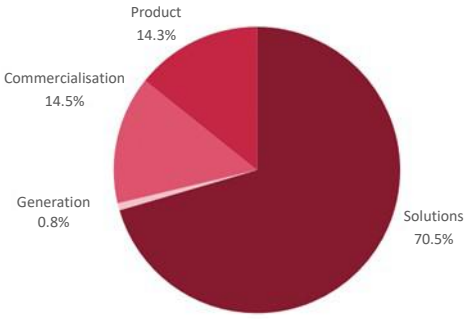
Table 6. Main business lines

Solutions	Generation	Commercialisation	Product

• Industrial Self-consumption
  ○ Energy Storage
  ○ Energy Efficiency
  ○ EV Chargers
• EPC service for third party and own projects
• Operation and Maintenance (O&M)
	• Ownership and operation of photovoltaic installations
	• Industrial PPA contract and/or sale to the pool
	• Biogas and H2 projects
	• Large portfolio of projects under development
		• Sale of renewable energy
		• Residential customer self-consumption
		• Surplus offsetting up to €0 invoice and virtual battery.
		• Energy Communities
			• Manufacture of structures for photovoltaic panels
			• Control panels and systems
			• Electronic recycling

Source: Greening

Table 7. Revenue breakdown 2023e



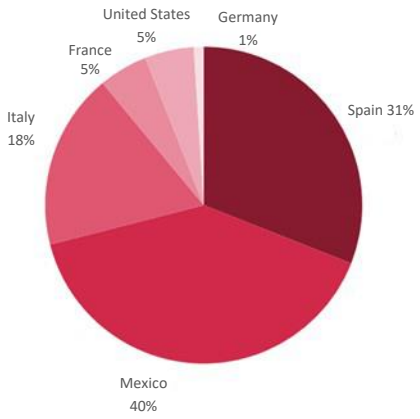
2.1 Solutions

It is mainly engaged in the **design, construction, operation and maintenance of solar plants** (industrial self-consumption and utility-scale), both its own projects and those of third parties. Greening works under the turnkey project modality (EPC), offering savings in energy bills to customers without the need to interrupt their production processes. This division also includes **energy storage, energy efficiency and electric vehicle charging system activities**, thus meeting any energy needs customers may have.

The Solutions division has been the Group's main revenue generator so far, contributing **66% of the Group's aggregate revenues in 2022 and 82% of EBITDA**. Thanks to the funds raised in the IPO, Greening has been able to significantly increase its order book (€101 million at 1H23 vs €39.8 million invoiced in 2022, 2.5x *book to bill*), which will be executed in the coming months.

Table 8. Solutions - Value of signed contracts 1H23

	€31.15 million[1]
	€19.27 million
	€0.68 million
	€5.10 million
	€40.20 million
	€5.10 million
Σ	**€101.4 million**



Source: Greening 1) Including €5.1 million in Morocco

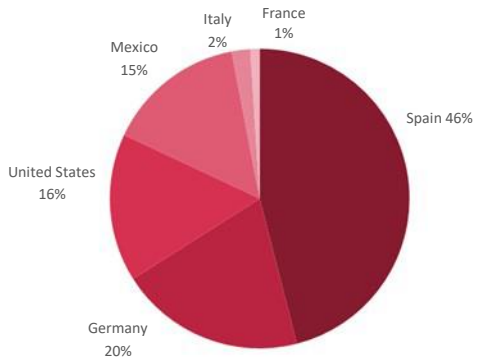
2.2 Renewable Energy Generation - PPA On-Site + Utility-Scale

The generation division groups together all the renewable energy produced by the company's own photovoltaic plants, consisting of **1) industrial self-consumption photovoltaic installations** and **2) utility-scale photovoltaic plants** that Greening develops, designs, builds and subsequently operates throughout their useful life. Greening sells the entire electricity production to the customer at a long-term fixed price, by signing PPA agreements (*Power Purchase Agreement*).

Although this division is barely present in the revenue *mix* (4.2% of aggregate sales in 2022), the transformation of the business model towards an IPP (independent power producer) will make Generation the division with the highest EBITDA contribution **in the Group in the medium term**. In this sense, Greening is developing an important portfolio of more than 5,000 MW of its own projects, consisting of **107 MW of PPA on-site projects and 4,825 MW of utility-scale projects**.

Table 9. Generation - Total project portfolio (utility-scale + PPA on-site)

	2,318 MW
	745 MW
	126 MW
	60 MW
	802 MW
	991 MW
Σ	**5,042 MW**



Source: Greening 1) Including €5.1 million in Morocco

Finally, the Generation division includes a small **portfolio of biomethane** projects that the company is developing in Spain. Greening carries out the identification of the land, supply agreement with waste generators, plant design, procurement of connection points to the pipeline network, and processing **until the *Ready to Build* (RTB) stage is reached**.

Table 10. Biomethane project portfolio at 1H23

Capacity (MW)	Preliminary stage	Initial Stage	Backlog	Construction	Operation	TOTAL
Spain	87	14	11			12
TOTAL	**87 MW**	**14 MW**	**15 MW**	**0 MW**	**0 MW**	**112 MW**
Success Rate (%)	*<30%*	*30-65%*	*65-90%*	*>90%*	*100%*	

Source: Greening and Renta 4

2.3 Energy Commercialisation - Lidera Energía

Through Lidera Energía, Greening manages the electricity surpluses of its customers' self-consumption installations, allowing **1)** the sale of the surpluses to the market and offsetting in the electricity bill, **2**) offering the surpluses to the people they decide or **3)** consuming the energy at another supply point owned by the customer. In addition, this line of business promotes the creation of **energy communities** (collective self-consumption) and **residential self-consumption**. At the end of 1H23, Lidera Energía had a portfolio of 3,882 customers, for which it manages a volume of 66 GWh of energy.

2.4 Product - SunSupport

Through the SunSupport brand, this division manufactures and sells various electrical products, mainly **metal structures and supports, for photovoltaic** installations, electrical panels and monitoring systems (both hardware and software), from a factory located in Jerez del Marquesado, Granada.

Greening manufactures and sells structures for both **third-party projects and its own projects**, thus completing a high level of integration of the Group's value chain. The Product division achieved a turnover of €7.5 million in 2022 (12% of aggregate sales), reaching a 6.0% EBITDA Margin.

Table 11. Example of structures commercialised by SunSupport

COPLANAR "ALCÁZAR"
Sloping roofs

EAST-WEST TRIANGULAR "PICÓN"
Non-sloping roofs

"HIGH BACK" CANOPY

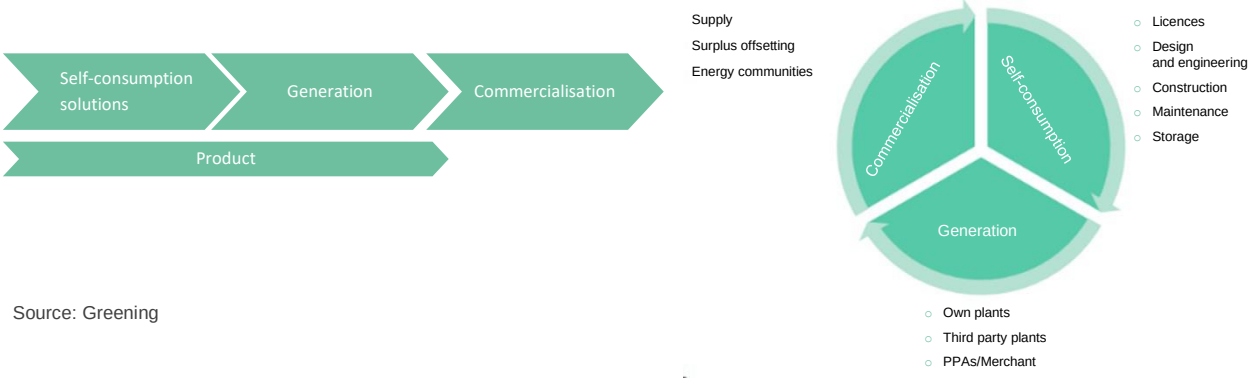
Source: Greening and Renta 4

2.5 Value proposal - An energy partner

The Grupo Greening's strategy is based on a vertically integrated business model with a presence in all stages of the solar PV value chain. The integration of these activities makes it possible to **1) diversify sources of income, 2) capture the margin** by cutting out intermediaries, **3) have greater control over the production process** and **4) provide greater value to the customer,** which helps to build customer loyalty and capture recurring income.

Thanks to internationalisation, Greening **accompanies large industrial customers** in other geographies, thus positioning itself as **a long-term partner in the energy sector**. **The business model** built is **replicable in most countries that** have a similar legislative framework and energy system to that of Spain. This value proposal has enabled Greening to become one of the **main *players* in the self-consumption sector in Spain, Italy and Mexico**, as well as facilitating a rapid entry into the US market, one of the markets that aspires to achieve the greatest growth in the coming years.

Table 12. Vertical integration of the value chain



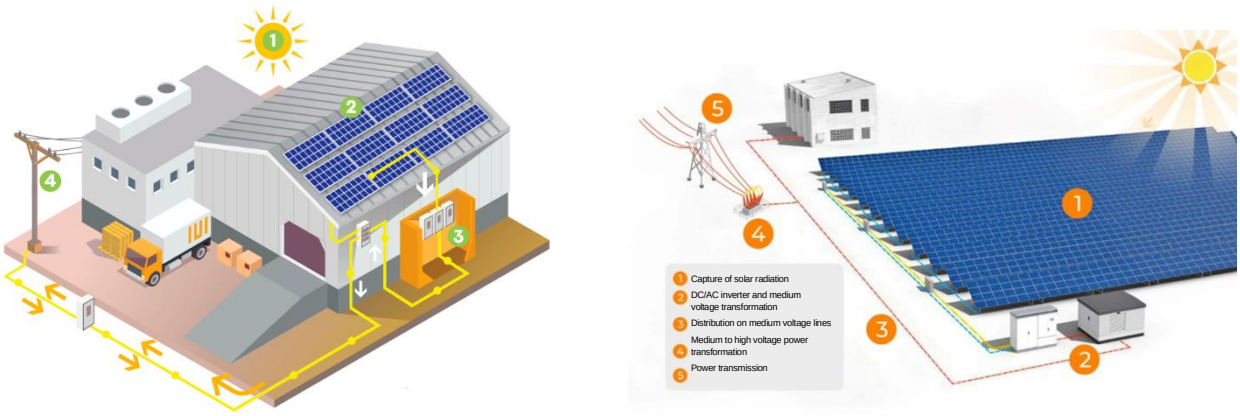
Source: Greening

3. Photovoltaic sector: Industrial Self-consumption vs Utility-Scale

As explained in the previous point, Greening is a vertically integrated company, involved in all stages of the value chain and whose goal is to bring renewable energy production from solar photovoltaic energy closer to companies. The production of this photovoltaic energy can come from two different sources. On the one hand, Greening designs and builds **industrial self-consumption plants that are located within the customer's own facilities**, generally taking advantage of the space available on roofs or rooftops. In cases where the customer's energy demand is higher than the production that can be obtained from self-consumption, Greening supplies the customer with **additional energy through its utility-scale photovoltaic plants**, large-scale plants connected to the electricity system.

Although both installations convert solar radiation into electricity by means of photovoltaic panels and all the energy produced is registered under the same division (Generation), there **are substantial differences between both promotion and operation models**, as well as the different challenges they face.

Table 13. Self-consumption vs Utility-Scale



Source Soluxions

3.1 Industrial Self-consumption - Quick deployment thanks to a simple permitting

Record energy prices in recent years have brought about a **profound change in addressing industry's energy needs**. Just as the European Union is firmly committed to renewable energies as a way to achieve greater energy sovereignty, companies have found a way to increase the stability of supply and reduce their exposure to price volatility in the energy markets in photovoltaic self-consumption. Thanks to the cost reduction of solar photovoltaic technology, **self-consumption** is currently one of the fastest and **most effective ways for** companies to reduce their **energy costs and increase their competitiveness**.

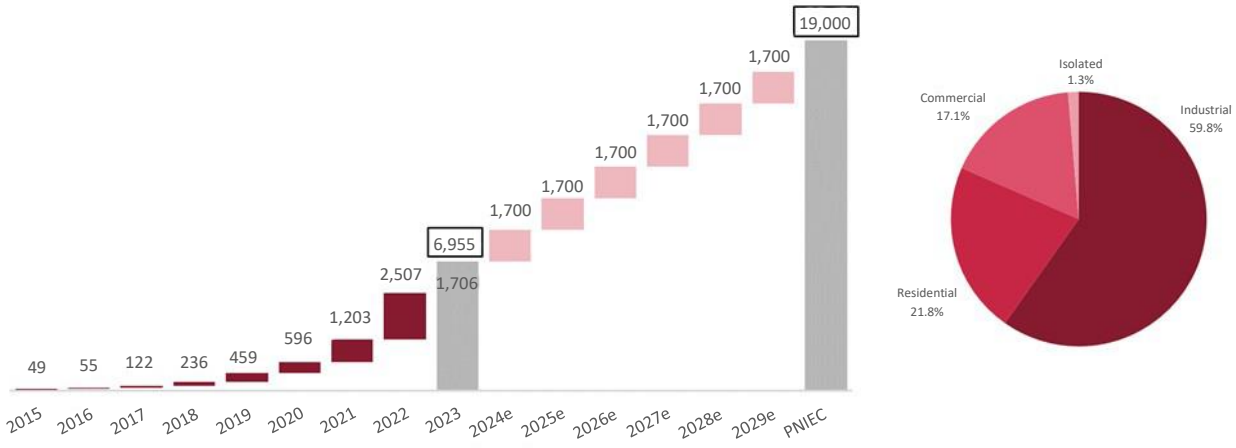
Self-consumption plants require infinitely **simpler permitting compared to utility-scale plants, reducing** the time from investment decision to construction to a few months. As the energy generation is located next to the point of consumption, self-consumption **installations do not require access and connection permits, guarantees or warranties**, and only require prior administrative authorisation and construction authorisation for larger installations.

On average, the permitting procedure for a self-consumption plant can take 2 months from the time the customer makes the investment decision. The construction process takes between 4 and 7 months, depending on the size of the plant. **The total time** from investment decision **to COD** (*Commercial Operation Date*) **is 9 months**, compared to 3-4 years for a standard utility-scale plant (see point 3.2).

On the negative side, according to APPA Renovables, industrial installations have an average power of 70 kW, much lower than utility-scale photovoltaic plants, whose power varies between 2 and 500 MW. This difference in figures **does not allow for the same scalability of projects**, which **increases the investment cost per MW by 15-30% (€800,000/MW** on average for self-consumption installations), which also has an impact **on access to financing.** When structuring the financing of a PV project, funders allocate the same amount of resources **to study the operation, irrespective of the size of the project**, which results in smaller projects being discarded. To overcome this disadvantage, Greening seeks framework funding agreements **that include a minimum** number of projects under the same funding, such as the framework agreement reached with Susi Partners for €20 million.

Despite the relatively smaller size, the minimal permitting of self-consumption plants is allowing the rapid deployment of this type of installation. In Spain, the updated version of the National Integrated Energy and Climate Plan, **PNIEC 2023-2030**, sets a 19 GW target **of installed capacity for self-consumption**. With 7 GW installed by the end of 2023, the sector would need to install 1.7 GW per year to reach this target.

Table 14. Capacity (MW) of self-consumption installed in Spain and breakdown by type (2023)

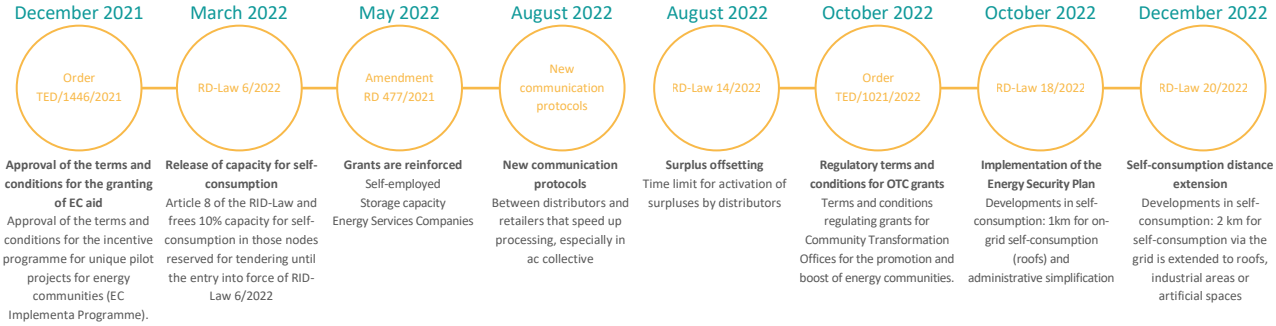


Source APPA Renovables and MITECO

The extraordinary figures recorded in 2022 were the result of uncontrolled increases in energy costs and the launch of several public subsidy programmes. With the normalisation of energy prices**, the pace of installations has slowed down in 2023** (-32% vs. 2022). **This slowdown corresponds largely to the residential segment** (-54% vs. 2022), a segment more sensitive to the variation in public incentives and to which Greening has little exposure (it carries out some domestic installations through Lidera Energia). The **industrial segment** recorded a moderate drop of 13% compared to 2022.

Another important advantage of self-consumption is its broad **social acceptance**. Utility scale plants are rejected by part of society because of the amount of agricultural land they use and the associated visual impact, which impacts on permitting times. In addition, in recent years the regulation of self-consumption has been further simplified, such as the repeal of the solar tax, the elimination of certain administrative procedures, the **remuneration of surpluses or** the **extension of energy communities from 500m to 2km**.

Table 15. Regulatory changes in the field of self-consumption and energy communities



Source: UNEF

3.2 Utility-Scale – Permitting-dependent economies of scale

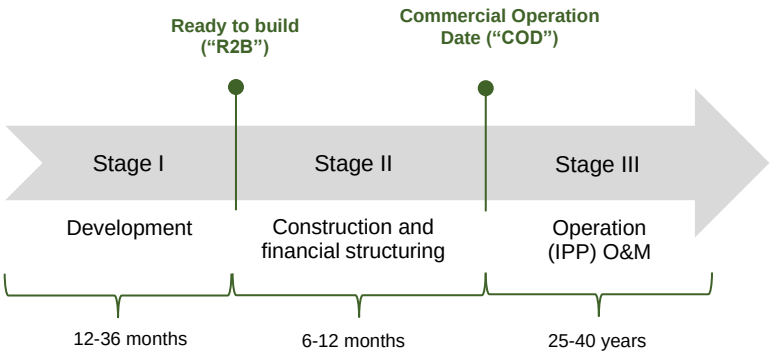
In addition to self-consumption generation projects, Greening is promoting a portfolio of utility-scale projects. Greening uses the energy produced by the plants as a **way of supplementing customers whose self-consumption installation does not produce enough** to cover all their energy needs. The development of a standard utility-scale project is similar to a self-consumption project, with a **more complex permitting stage.** Greening covers the entire value chain of projects, which is mainly composed of:

1) **Development**: **from project permitting to the start of construction** (*ready to build* or RtB): identification of optimal locations, land acquisition, connection point and processing of licences. This stage includes the **structuring and negotiation of the project financing**, as well as the **remuneration scheme** (PPA/Merchant).

2) **Construction (EPC)**: comprises the work necessary to bring the project into operation (COD). **Greening has its own *Engineering* (E), *Procurement* (P) and *Construction* (C)** team, which allows complete control of the construction, which, depending on the size, can take 6-10 months.

3) **Operation**: **and sale of energy**, including maintenance and monitoring of the plant (O&M). Plants are operated for a period of more than 25 years.

Table 16. Standard value chain of a utility-scale project



Source Renta 4 Banco

As mentioned in the previous point, utility-scale projects can achieve economies of scale that are greater than self-consumption, which **reduces the investment cost per MW** (construction CapEx) **and facilitates access to financing**. On the negative side, the main obstacle to the development of this type of project lies in the permitting (together with social opposition), which makes **it necessary to create internal development teams**, increasing the costs of this stage (development CapEx).

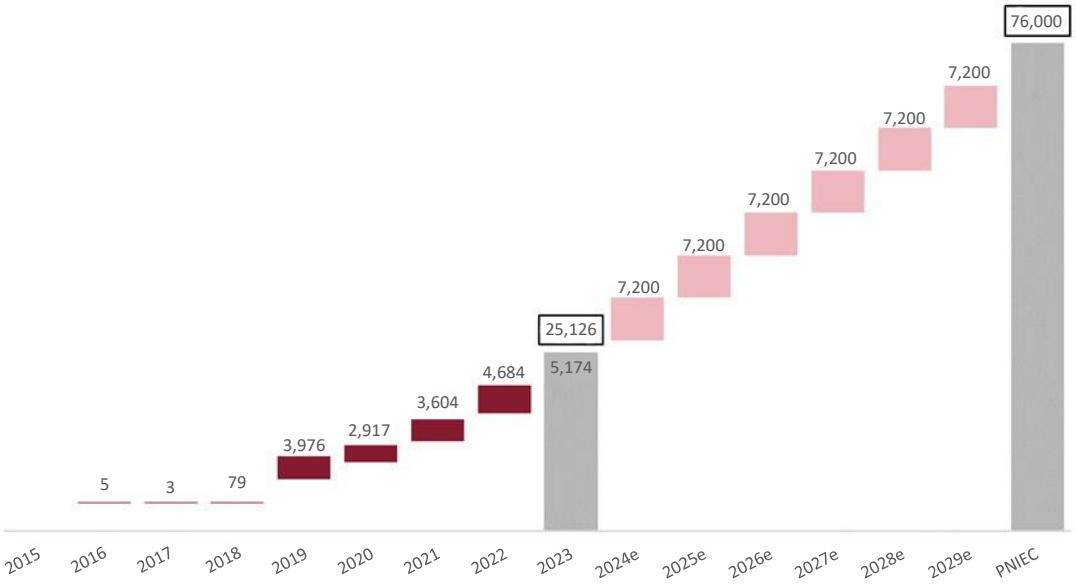
Table 3. Utility-Scale vs Self-consumption Advantages and disadvantages

	Development costs	Public processing	Social Opposition	Investment / MEW € million (CapEx)	Load Factor	Access to finance
Utility - Scale	↓	↓	↓	↑	↑	↑
Self-consumption	↑	↑	↑	↓	↓	↓

Source Renta 4 Banco

Utility-scale projects reached a total installed capacity of 25 GW (according to REE) in Spain in December 2023, with 5.2 GW installed in 2023 (4.7 GW installed in 2022). The **PNIEC 2023-2030**, sets a **target of 76 GW of installed capacity for utility-scale,** to be achieved at a rate of 7.3 GW per year.

Table 17. Utility-scale PV capacity (MW) in Spain



Source REE and MITECO

The situation of the photovoltaic sector in **Spain can be extrapolated to the rest of the geographies where Greening operates**. The **sharp drops** in the price of PV modules**, more than 50% in 2023** to €0.13/Wp (historic lows), reinforce the positive outlook for the sector in 2024. Falling module prices make self-consumption installations even more profitable, while volatility in the energy markets pushes companies to look for stable energy supply channels. **Greening is positioning itself strongly in North** America **and** Europe. In the US, the IRA is encouraging photovoltaic projects, while Mexico is benefiting from the offshoring of some Chinese production.

4. Strategic Plan 23-25 and R4 Estimates

4.1 Strategic Plan 23-25

With the funds raised in the IPO, Greening has sufficient financial muscle to execute its **business plan for the next** three years**, focused on continuing its expansion in Europe and North America**. Greening seeks to leverage the vertical integration of the business model and international positioning to achieve strong growth in the coming years. The successful completion of the Strategic Plan should allow the company to start trading in the "Mercado Continuo" stock market**,** the Company's medium-term goal. **The goals of the Strategic Plan 23-25 are as follows**:

- >10,000 photovoltaic installations managed.
- 30,000 customers in Lidera Energia vs. 3,882 customers in 1H23.
- **500 MW in operation and/or under construction** (PPA on-site and utility-scale) vs. 82 MW in 1H23**.**
- **€226 million Consolidated turnover** 2025 vs. €44 million in 2022**.**
- **€30 million EBITDA** 2025 (50% from Generation) vs. €3.3 million in 2022**.**

Table 18. Consolidated revenues 2020-2025e

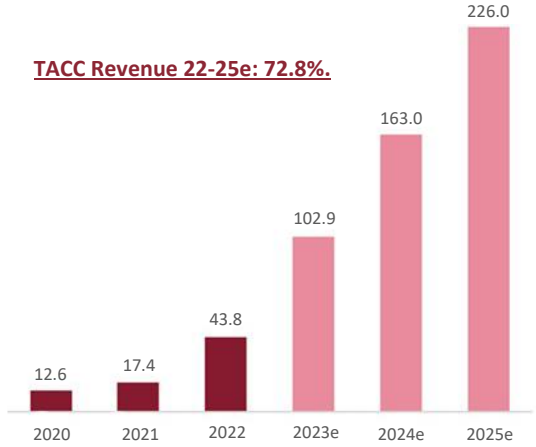
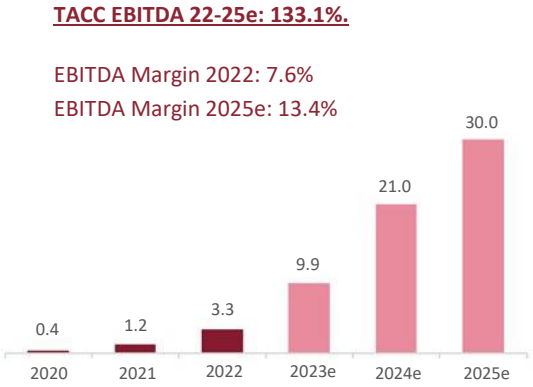


Table 19. EBITDA 2020-2025e



Source: Greening y Renta 4

It is important to note that beyond the expected **growth, the composition of EBITDA in 2025 will** be radically different from the current one, **thanks to the higher contribution of the Generation division** (c.50% of EBITDA25e). This increased contribution will come from the gradual **transformation of the Group into an IPP** (Independent Power Producer) through the implementation of the Group's own project portfolio. Once operational, the Generation division will provide **stable and recurring cash flow over the long term** (15 years for PPA on-site and 30 years for utility-scale plants) thanks to the signing of PPAs.

Table 20. EBITDA composition 2022

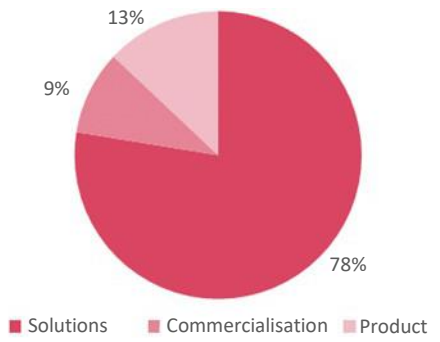
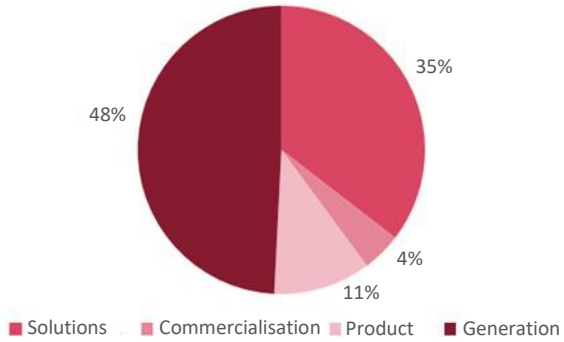


Table 21. EBITDA composition 2025e



Source: Renta 4 Estimates

With a view to reaching an operating and construction capacity of 500 MW by 2025, Greening has a portfolio of projects at different stages of development**.**

Table 22. Target project IRR for Generation projects

Source: Greening and Renta 4

PPA On-site portfolio: the number of PPA on-site contracts for industrial self-consumption is 107 MW, projects with a very high visibility due to the zero permitting process required (see 3. Photovoltaic sector: Industrial self-consumption vs. utility-scale). It is important to note that **these contracts are generated organically,** moving from the customer's investment decision to construction in just a few months. An example of obtaining a contract organically is, for example, the announcement of the largest PPA on-site contract in Mexico for a listed company in the food sector. Announced in July 2023, the **contract involves the construction of 41.9 MW to be executed within 9 months** (later extended by a further 20 MW). Of the 500 MW target by 2025, Greening estimates that 150 MW will come from PPA on-site projects.

Table 23. PPA on-site project portfolio 1H23

Capacity (MW)	Pipeline	Backlog	Construction	Operation	TOTAL
Spain	17	2	6	3	28
Italy	3	-	-	-	3
Mexico	6	7	56	3	72
United States	-	3	-	-	3
TOTAL	**27 MW**	**12 MW**	**62 MW**	**6 MW**	**107 MW**
Success rate (%)	*30-65%*	*65-90%*	*>90%*	*100%*	

Source: Greening and Renta 4

Utility - Scale portfolio: until 30 June 2023, Greening had a **portfolio of 4,826 MW**, divided among the 6 main geographies in which it is present. To this capacity we must add the portfolio acquired in January 2024 of 45.4 MW located in Spain from the renewable energy company OX2, assets that at the date of this report should be under construction (with an estimated COD at the end of 2024). Of the 500 MW target by 2025, Greening estimates that 350 MW will come from utility-scale projects.

Table 24. Utility-Scale project portfolio 1H23

Capacity (MW)	Preliminary stage	Initial Stage	Backlog	Construction	Operation	TOTAL
Spain	-	2,055	111	13	1	2,179
Italy	341	374	27	-	-	743
France	60	-	-	-	-	60
Germany	127	-	-	-	-	127
Mexico	435	234	60	-	-	730
United States	675	197	116	-	-	988
TOTAL	**1638 MW**	**2860 MW**	**314 MW**	**13 MW**	**1 MW**	**4826 MW**
Success Rate (%)	*<30%*	*30-65%*	*65-90%*	*>90%*	*100%*	

Source: Greening and Renta 4

4.2 R4e estimates

We have used the Company's 2025 Strategic Plan as a basis for our assumptions. Our estimates are for consolidated revenues of €219.7 million and EBITDA of €29.1 million in 2025, **slightly lower than those projected by the company in its business plan** (€226 million and €30 million respectively).

In addition, our estimates extend to 2026, **in order to reflect the contribution to EBITDA of the PV projects** once they are operational.

Table 25. Utility-Scale project portfolio at 1H23

GREENING GROUP	2021	2022	2023e	2024e	2025e	2026e	TACC 22-26e
Consolidated revenues	**17.4**	**43.8**	**101.6**	**163,9**	**219.7**	**249.3**	**54.5%**
Annual growth		*151.8%*	*131.9%*	*61.3%*	*34.1%*	*13.5%*	
Solutions	**16.5**	**39.8**	**96.0**	**139.2**	**156.0**	**168.4**	**43.4%**
Generation	**0.0**	**2.6**	**1.0**	**8.5**	**19.4**	**33.7**	90.6%
Utility Sole Generation			0	2	10	22	
PPA Onsite generation			1	6	9	12	
Energy Commercialisation	**0.8**	**8.7**	**14.7**	**32.6**	**61.9**	**65.3**	**65.7%**
Product	**2.6**	**7.5**	**12.1**	**15.1**	**18.2**	**20.9**	**29.1%**
Intragroup Adjustments	-2.6	-12.2	-22.2	-31.6	-35.7	-38.9	
Consolidated EBITDA	1.2	3.3	9.6	18.7	29.1	41.5	87.9%
BUDA Margin (%)	6.9%	*7.6%*	*9.5%*	*11.4%*	*13.3%*	*16.6%*	
EBITDA Solutions	**1.5**	**2.7**	**6.8**	**9.9**	**11.1**	**11.9**	**44.9%**
EBITDA Margin (%)	*9.4%*	*6.8%*	*7.1%*	*7.1%*	*7.1%*	*7.0%*	
EBITDA Generation	**-0.1**	**-0.1**	**0.7**	**6.8**	**15.2**	**26.4**	**n.a.**
EBITDA Margin (%)			*67.7%*	*79.6%*	*78.0%*	*78.5%*	
Utility Sole Generation			0	2	9	18	
PPAOnSite generation			1	5	7	9	
EBITDA Commercialisation	**-0.2**	**0.3**	**0.2**	**0.8**	**1.6**	**2.0**	**56.9%**
EBITDA Margin (%)	*-27.2%*	*3.8%*	*1.4%*	*2.4%*	*2.6%*	*3.0%*	
EBITDA Product	**0.1**	**0.5**	**2.9**	**2.5**	**2.6**	**2.7**	**56.2%**
EBITDA Margin (%)	*3.8%*	*6.0%*	*24.0%*	*16.3%*	*14.4%*	*12.8%*	
Intragroup Adjustments	-0.2	-0.1	-1.0	-1.2	-1.4	-1.5	

Source: Renta 4 Estimates

It is important to note that the **Solutions division groups together both the construction of its own** projects (intra-group sales which are subsequently eliminated) **and the construction of wind farms for third parties.** Given the scale of new PV capacity expected in the coming years, we do not rule out that the sector may suffer from a shortage of these services. Greening, with a fully integrated EPC division, could benefit from this increase in demand, **temporarily raising its margins**, a possible **catalyst that** we have chosen not to consider for the time being (EBITDA margin c.7%).

Regarding the Generation division, the variables used for the construction of the **assumptions are based on variables that we use in other companies covered** in the sector, such as the electricity price curve, combined with information provided by the Company. Utility-scale plants have a longer lifetime (30 years), and higher load factors (1,800h on average), thanks to the possibility of correcting orientations and installing solar trackers. PPA on-site plants average a useful life of 15 years (the useful life is 30 years but at the end of the PPA contract the installation reverts to the customer at no cost) and lower number of operating hours (1,200h on average).

Regarding the operating capacity of its own projects, **Greening's target is to reach 500 MW in operation and/or ready to build by 2025**. We have considered an additional 12 months for the construction of the full portfolio, **reaching 500 MW operational by the end of 2026**, split between 30% PPA on-site and 70% utility-scale. For the construction of the portfolio, Greening will have to **make total investments of €362 million**, considering a CapEx of €800,000/MW for PPA on-site and €650,000/MW for utility-scale, in line with the assumptions used in other companies in the sector.

Table 26. Evolution of Installed Capacity 23-26e

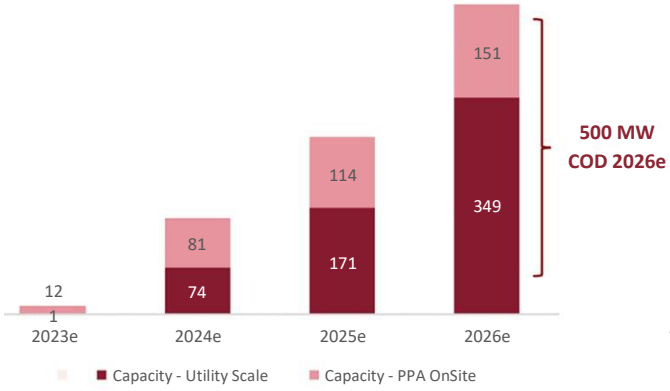
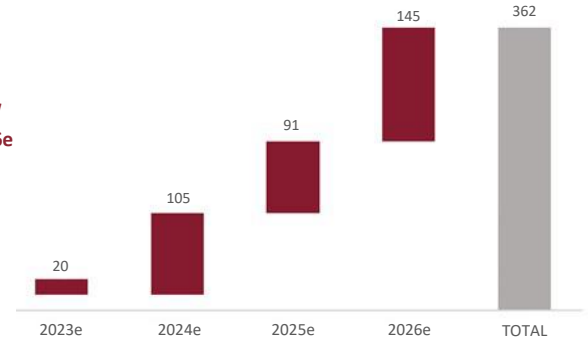


Table 27. Estimated CapEx 23-26e



Source: Renta 4 Estimates

The funds necessary for the construction of the portfolio will come from **1)** the equity raised in the capital increase at the BME Growth IPO, **2)** Project Finance financing (estimated 80% leverage) and **3)** the cash flow generated by the Company in this period (no dividends expected).

It is **worth mentioning that there is a time gap between the construction of the projects and their contribution to the profit and loss account.** The IPP business is a capital-intensive business, which does not receive any cash flow until the asset becomes operational and starts selling electricity**. The construction of the projects will temporarily raise leverage ratios**. Much of the capacity under construction in 2024 will be visible at both fixed asset and debt level in 2024, while its full contribution to EBITDA will be from 2025 onwards. When calculating the Group's leverage, **we have separated the recourse debt of the parent company (**debt of the Solutions, Energy Commercialisation and Product businesses) **from the non-recourse debt (project finance** debt for the construction of the portfolio of own PV plants).

Table 28. Financial Debt and NFD/EBITDA (x)

	2023e	2024e	2025e	2026e
NFD (recourse debt)	8	29	41	57
NFD (project finance)	8	89	152	253
Total Net Financial Debt	**15.6**	**118.0**	**193.4**	**310.0**
EBITDA* Solutions+Commercialisation+Product	9	12	14	15
EBITDA Generation	1	7	15	26
EBITDA Total	**9.6**	**18.7**	**29.1**	**41.5**
NFD/EBITDA (recourse debt)	0.9x	2.4x	3.0x	3.8x
NFD/EBITDA (project finance)	11.9x	13.2x	10.0x	9.6x
NFD/ TOTAL EBITDA	**1.6x**	**6.3x**	**6.6x**	**7.5x**

Source: Renta 4 Estimates

5. Valuation and recommendation

In our view, the most appropriate method for valuing Greening is by **a Sum of the Parts (*SOTP*) valuation of the various divisions that make up the Group**: Solutions, Generation and Product, adjusting for other assets and liabilities. Regarding the individual valuation of each division, we have carried out a **Discounted Cash Flow Function** (DCF), using different discount rates according to business type and geography (see Table 29). We do not include the energy commercialisation division in our valuation, since although it has a **fundamental strategic importance** in the business model as it **serves as a link** between the utility-scale plants and the industrial customer, the energy produced by these plants is sold to Lidera Energía, and this same energy is subsequently sold to the customer. **The margin is therefore already recorded in the Generation division.**

For **the Generation business**, we have carried out a **DFC on the portfolio** of PPA on-site and utility-scale projects, **weighted by the success rate** we give to each stage (degree of progress). As explained throughout this report, the permitting process of PPA on-site projects is significantly shorter (if not non-existent) compared to utility-scale projects, so the probability awarded is higher (see point 3 for more information).

After discounting the net debt Dec-23 R4e, we reach a **target equity value of €218 million or 7.47 €/share**, which represents a potential upside close to 40%. Given the excellent **operational execution that Greening is demonstrating in its first year of trading**, winning major contracts and successfully closing framework agreements to raise the financing required for the construction of the projects, we believe that the current trading levels are ideal for taking positions in the stock. With a vertically integrated business model and international operating capacity, **Greening is well positioned to capture much of the expected growth in the self-consumption sector** in the coming years, while it has important catalysts in **the short term, such as** the progress in the biomethane portfolio (not included in our estimates), increased margins in the Solutions and Product activities or start trading in **the "Mercado Continuo" stock market.**

Table 29. *SOTP*

Greening Group valuation	Valuation method	Capacity	Valuation		(%) EV	Implicit multiple
Greening Solutions	DCF 5Y, WACC 10.5%, g 2%		**84**	**€M**	**36%**	
Solutions			84			7.5x EBITDA 2025e
Greening Utility Scale	DCF 30Y, WACC*	**697 MW**	**76**	**€M**	**33%**	**8.9x EBITDA 2025e**
In Operation (100%)		1 MW	1			€0.92 M/MW
Under Construction/ Backlog (100%)		74 MW	16			€0.21 M/MW
Advanced Stage (40%)		97 MW	15			€0.15 M/MW
Initial Stage (20%)		525 MW	45			€0.09 M/MW
Greening PPA On-Site	DCF 15Y, WACC*	**190 MW**	**52**	**€M**	**22%**	**7.9x EBITDA 2025e**
In Operation (100%)		12 MW	12			€0.94 M/MW
Under Construction/ Backlog (100%)		87 MW	26			€0.29 M/MW
Backlog (100%)		32 MW	6			€0.18 M/MW
Additional pipeline to 2025e (90%)		59 MW	9			€0.15 M/MW
Greening Product	DCF 5Y, WACC 10.5%, g 2%		**21**	**€M**	**9%**	
Product			21			8.0x EBITDA 2025e
ENTERPRISE VALUE			**233**	**€M**		
Net Financial Debt 2023e			-16			
EQUITY VALUE			**218**	**€M**		
No. of shares outstanding (min)			29.1			
TARGET PRICE (€/share)			**7.47**	**€/share**		
Current share price(€/share)			5.35			
UPSIDE (%)			**40%**			

Source: Greening and Renta 4 WACC Europe 7.7%, United States 8.5%, Mexico 11.2%

Key Figures

P&L (€ million)	2020	2021	2022	2023e	2024e	2025e	TACC 22/25e
Sales	**12.6**	**17.4**	**43.8**	**101.6**	**163,9**	**219.7**	**38.1%**
Cost of sales	-8.5	-11.3	-30.4	-57.8	-90.6	-119.5	31.5%
Gross margin	**4.1**	**6.1**	**13.4**	**43.8**	**73.2**	**100.2**	**49.5%**
Operating costs	-3.7	-5.0	-10.1	-34.1	-54.5	-71.0	47.8%
EBITDA	**0.4**	**1.2**	**3.3**	**9.6**	**18.7**	**29.1**	**54.3%**
Adjusted EBITDA	**0.4**	**1.2**	**3.3**	**9.6**	**18.7**	**29.1**	**54.3%**
Depreciation	0.0	-0.1	-0.1	-0.7	-1.7	-8.6	141.2%
EBIT	**0.4**	**1.1**	**3.2**	**8.9**	**17.0**	**20.5**	**44.8%**
Financial result	-0.1	-0.1	-0.2	-1.4	-1.1	-6.1	95.7%
Equity method	0.0	0.0	0.1	0.0	0.0	0.0	-100.0%
Other and extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
BAI	**0.3**	**1.0**	**3.1**	**7.5**	**15.8**	**14.4**	**35.6%**
Tax on profits	-0.2	-0.3	-0.9	-1.9	-4.0	-3.6	33.0%
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	-100.0%
Others	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Net profit	**0.2**	**0.7**	**2.3**	**5.7**	**11.9**	**10.8**	**36.1%**

Margins and growth (%)	2020	2021	2022	2023e	2024e	2025e
Sales Growth	n.a.	37.8%	151.8%	131.9%	61.3%	34.1%
Gross Margin	32.5%	35.3%	30.6%	43.1%	44.7%	45.6%
EBITDA Growth	n.a.	173.7%	179.0%	189.0%	94.4%	55.7%
EBITDA Margin	3.5%	6.9%	7.6%	9.5%	11.4%	13.3%
Adjusted EBITDA Growth	n.a.	173.7%	179.0%	189.0%	94.4%	55.7%
Adjusted EBITDA margin	3.5%	6.9%	7.6%	9.5%	11.4%	13.3%
EBIT Growth	n.a.	172.5%	182.4%	177.4%	89.8%	20.9%
EBIT Margin	3.3%	6.6%	7.4%	8.8%	10.4%	9.3%
EPS growth	n.a.	n.a.	n.a.	n.a.	110.1%	-9.1%

Balance (€ million)	2020	2021	2022	2023e	2024e	2025e
Property, plant and equipment	0.7	1.6	6.8	26.0	129.2	212.0
Intangible assets	0.0	0.0	0.0	0.2	0.2	0.2
Financial fixed assets	0.0	0.4	0.9	1.0	1.0	1.0
Other fixed assets	0.0	0.1	0.1	0.5	0.5	0.5
Trade and other accounts receivables	5.5	7.6	20.5	33.9	49.3	56.4
Other current assets	1.3	1.3	4.0	7.6	11.8	15.6
Cash and cash equivalents	0.3	0.6	0.7	13.4	12.6	12.8
Total assets	**7.9**	**11.6**	**32.9**	**82.5**	**204.5**	**298.6**
Shareholder's equity	0.7	1.4	9.1	37.3	49.2	60.0
Non-controlling Interest	0.0	0.1	0.1	0.1	0.1	0.1
Long-term financial debt	2.4	2.8	6.1	7.9	89.5	152.1
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term financial debt	1.6	4.1	9.1	21.1	41.1	54.1
Accounts payable	3.2	2.0	6.4	13.9	22.5	30.1
Other short-term liabilities	0.1	1.2	2.1	2.1	2.1	2.1
Total liabilities	**7.9**	**11.6**	**32.9**	**82.5**	**204.5**	**298.6**

Main ratios	2020	2021	2022	2023e	2024e	2025e
No. of shares (million)	n.a.	n.a.	n.a.	29.1	29.1	29.1
Price (€)	n.a.	n.a.	n.a.	5.35	5.35	5.35
EPS (€/share)	n.a.	n.a.	n.a.	0.19	0.41	0.37
DPA (€/share)	0.00	0.00	0.00	0.00	0.00	0.00
Payout (%)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%
Dividend yield (%)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%
VE/ Sales (x)	n.a.	n.a.	n.a.	1.7	1.7	1.6
VE/ EBITDA (x)	n.a.	n.a.	n.a.	17.8	14.6	12.0
VE/ EBIT (x)	n.a.	n.a.	n.a.	19.2	16.1	17.0
P/E (x)	n.a.	n.a.	n.a.	27.5	13.1	14.4
ROCE (%)	9.6%	14.7%	13.7%	16.9%	10.1%	8.1%
ROE (%)	26.0%	52.7%	25.4%	15.2%	24.1%	18.0%
Net debt (+) / net cash (-) (eur million)	3.7	6.4	14.5	15.6	118.0	193.4
Net debt / EBITDA (x)	8.4	5.3	4.4	1.6	6.3	6.6
Interest coverage (x)	5.1	12.3	15.1	6.4	15.1	3.4
Capex / sales (%)	6.0%	5.2%	12.2%	19.7%	64.1%	41.6%

Source: Company and Renta 4 Banco estimates.

Key Figures

EOAF (€ million)	2020	2021	2022	2023e	2024e	2025e
EBIT	**0.4**	**1.1**	**3.2**	**8.9**	**17.0**	**20.5**
Depreciation of fixed assets	0.0	0.1	0.1	0.7	**1.7**	8.6
Change in working capital	-3.7	-3.3	-11.2	-9.5	**-11.1**	-3.3
Financial profit/(loss)	-0.1	-0.1	-0.1	-1.4	**-1.1**	-6.1
Taxes	-0.2	-0.3	**-0.9**	-1.9	**-4.0**	-3.6
Operating cash flow	**-3.5**	**-2.4**	**-8.8**	**-3.1**	**2.5**	**16.1**
Net investments in tangible and intangible assets.	-0.8	-0.9	-5.3	**-20.0**	**-105.0**	**-91.5**
Other investments	0.0	-0.4	-0.5	**-0.6**	**0.0**	**0.0**
Free cash flow	**-4.3**	**-3.8**	**-14.6**	**-23.7**	**-102.4**	**-75.4**
Dividends (parent company)	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Other equity changes	0.5	0.0	5.5	**22.6**	**0.0**	**0.0**
Others	0.1	1.1	**0.9**	**0.0**	**0.0**	**0.0**
Change in net debt	**-3.7**	**-2.7**	**-8.2**	**-1.1**	**-102.4**	**-75.4**
Net debt (+) / net cash (-)	**3.7**	**6.4**	**14.5**	**15.6**	**118.0**	**193.4**

Source: Company and Renta 4 Banco estimates.

Market comparables

Company	Shares (million)	Share price (€/share)	Market Cap. (€ million)	Consensus Recommendation*	P.O. Consensus*	Upside	DPS 24e
Grupo Greening 2022 SA*	**29**	**5.35**	**153**	**Overweight**	**7.47**	**39.6%**	**0.0%**
SunPower Corporation*	175	3.45	605	Hold	3.73	8.3%	0.0%
Sunrun Inc	218	14.21	3,096	Overweight	17.73	24.8%	0.0%
Sunnova Energy International Inc	122	9.98	1,222	Overweight	18.66	86.9%	0.0%
Altus Power, Inc. Class A	159	6.14	976	Overweight	8.40	36.8%	0.0%
Average						39.2%	0.0%

Company	P/E 24e	P/E 25e	EPS Growth 22-25e	PEG 24e	PEG 25e	ROE 24e	P/BV 24e
Grupo Greening 2022 SA*	**13.1x**	**14.4x**	**67.2%**	**0.2x**	**0.2x**	**24.1%**	**3.2x**
SunPower Corporation*	n.r.	73.9x	n.r.	n.r.	n.r.	-17.7%	1.9x
Sunrun Inc.	n.r.	n.r.	-65.8%	n.r.	n.r.	-3.0%	0.5x
Sunnova Energy International Inc	n.r.	n.r.	-12.2%	n.r.	n.r.	-12.1%	0.7x
Altus Power. Inc. Class A	n.r.	131.6x	-18.7%	n.r.	n.r.	0.0%	2.2 x
Average	**n.r.**	**102.7x**	**-32.3%**	**n.r.**	**n.r.**	**-8.2%**	**1.3x**

Company	EV/EBITDA 24e	EV/EBITDA 25e	EBITDA Growth 22-25e	EBITDA Margin 24e	EVG 24e	EVG 25e	ND/EBITDA 24e
Grupo Greening 2022 SA*	**14.6x**	**12.0x**	**106.0%**	**11.4%**	**0.1x**	**1.0x**	**6.3x**
SunPower Corporation*	26.6x	7.7x	n.r.	1.9%	n.r.	4.1x	5.3x
Sumas Inc.	459.2x	93.5x	n.r.	1.3%	n.r.	70.2x	355.5x
Sunnova Energy International Inc	28.7x	26.4x	47.0%	36.8%	0.6x	0.7x	25.3x
Altus Power, Inc. Class A	16.9x	13.5x	43.4%	61.1%	0.4x	0.2x	9.3x
Average	**132.9x**	**35.3x**	**45.2%**	**25.3%**	**0.5x**	**18.8x**	**98.8x**

Company	1 Day	5 Days	1 month	3 months	2024	1 year
Grupo Greening 2022 SA*	**-0.6%**	**1.2%**	**3.3%**	**4.6%**	**3.7%**	**n.a.**
SunPower Corporation*	-11.2%	13.7%	13.7%	-3.0%	-23.5%	-76.5%
Sunrun Inc.	-10.3%	5.3%	0.9%	65.0%	-72.4%	-35.0%
Sunnova Energy International Inc	-11,9%	18.0%	-0.9%	25.6%	-29.8%	-39.2%
Altus Power. Inc. Class A	-4.9%	15.6%	8.2%	41.5%	-3.7%	-11.1%
Ibex 35	**-0.6%**	**-0.8%**	**-1.7%**	**4.9%**	**1.7%**	**7.8%**

Source: FactSet (*) Renta 4 Banco Estimates

Annex I. Risks

Risk of change in *management*: the departure of Mr. Ignacio Salcedo (founder and major shareholder) could have a negative impact on the business.

Financial risk: high level of leverage which could limit or reduce investments and/or lead to foreclosure of collateral on the various assets, impacting the valuation of the group. The company resorts to third party financing to carry out new projects, which represents between 50% and 75% of the total investment required depending on the geography and type of project.

Implementation risk: we consider that there are various external factors (authorisations, permits, grid interconnections, subsidies) that could affect the success rate in the development of its upstream and/or *pipeline* projects, and could lead to a delay/change in the development plans of their growth strategy.

Price risk (materials/equipment/transport): the evolution of the prices of materials such as steel, aluminium or silicon, as well as transport costs, which could lead to an increase in the price of equipment, could have a significant impact on the level of investment initially budgeted. All this could lead to lower project returns.

CapEx risk: the signing of PPA contracts at fixed prices before the investment is closed (CapEx) could lead to high pressure in case of delays in the development of the projects.

Operating risk: equipment problems in currently operating assets and/or lower than expected electricity production (dependent on weather conditions) could lead to lower revenue or higher costs compared to initial forecasts, significantly reducing the profitability of the projects.

Regulatory risk: changes in regulations (on prices, regulated tariffs, taxation, legislation or development plans), could lead to a significant change in the initially planned revenue or in the development of the growth strategy.

Currency risk: 15% of the utility-scale portfolio and 67% of the PPA on-site portfolio are located in Mexico, where the Group operates in local currency. In addition to currency exposure, other factors to be taken into account with regard to the transaction are political stability, economic developments and/or legal certainty.

Competition risk: competition in the sector for new projects is intense, which may result in lower returns than those currently generated on future projects. Some of the competitors are large vertically integrated energy groups with powerful financial structures. In addition, competition through technologies other than those developed by the group must be taken into account.

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