

EQUITY - SPAIN

Sector: Software

Report date: 1 Dec 2021

Distribution time: 12:20

Estimates downgrade

Closing price: EUR 19.35 (30 Nov 2021)

Cuatroochenta (480S), is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 25% of the total (mainly Latam). The company has been listed on BME Growth since November 2020. Management controls c. 75% of capital.

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9m21, a small paradox: we downgrade estimates (2021e), but the business is stronger (I/t)

Market Data

| | | |
|------------------------------------|-----------------------|------|
| Market Cap (Mn EUR and USD) | 43.4 | 49.2 |
| EV (Mn EUR and USD) ⁽¹⁾ | 52.1 | 59.0 |
| Shares Outstanding (Mn) | 2.2 | |
| -12m (Max/Med/Mín EUR) | 28.20 / 20.43 / 13.15 | |
| Daily Avg volume (-12m Mn EUR) | 0.02 | |
| Rotation ⁽²⁾ | 11.4 | |
| Factset / Bloomberg | 480S-ES / 480S SM | |
| Close fiscal year | 31-Dec | |

Shareholders Structure (%)⁽⁷⁾

| | |
|-------------------------|------|
| Montesinos family | 23.7 |
| Sergio Aguado Gonzalez | 21.8 |
| Alfredo Cebrían Fuertes | 20.8 |
| Pavasal Group | 6.0 |
| Free Float | 23.6 |

Financials (Mn EUR)

| | 2020 | 2021e | 2022e | 2023e |
|-------------------------------------|-------|-------|-------|-------|
| Adj. nº shares (Mn) | 2.2 | 2.2 | 2.2 | 2.2 |
| Total Revenues | 11.8 | 13.5 | 17.1 | 19.6 |
| Rec. EBITDA ⁽³⁾ | 1.5 | 1.3 | 2.3 | 2.9 |
| % growth | 31.2 | -15.5 | 78.3 | 28.6 |
| % Rec. EBITDA/Rev. | 12.7 | 9.4 | 13.2 | 14.9 |
| % Inc. EBITDA sector ⁽⁴⁾ | 13.1 | 23.3 | 24.0 | 16.9 |
| Net Profit | 0.2 | 0.5 | 1.2 | 1.7 |
| EPS (EUR) | 0.11 | 0.24 | 0.55 | 0.76 |
| % growth | 861.1 | 118.8 | 129.5 | 39.3 |
| Ord. EPS (EUR) | 0.37 | 0.24 | 0.55 | 0.76 |
| % growth | 38.2 | -35.6 | 129.5 | 39.3 |
| Rec. Free Cash Flow ⁽⁵⁾ | 1.7 | 0.7 | 1.1 | 1.6 |
| Pay-out (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| DPS (EUR) | 0.00 | 0.00 | 0.00 | 0.00 |
| Net financial debt | 3.5 | 8.5 | 7.4 | 5.8 |
| ND/Rec. EBITDA (x) | 2.3 | 6.7 | 3.3 | 2.0 |
| ROE (%) | 6.8 | 9.2 | 17.8 | 20.5 |
| ROCE (%) ⁽⁵⁾ | 9.1 | 5.4 | 8.6 | 11.4 |

Ratios & Multiples (x)⁽⁶⁾

| | 2020 | 2021e | 2022e | 2023e |
|------------------------------|------|-------|-------|-------|
| P/E | n.a. | 81.4 | 35.5 | 25.5 |
| Ord. P/E | 52.4 | 81.4 | 35.5 | 25.5 |
| P/BV | 8.1 | 6.9 | 5.8 | 4.7 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| EV/Sales | 4.41 | 3.87 | 3.04 | 2.66 |
| EV/Rec. EBITDA | 34.7 | 41.0 | 23.0 | 17.9 |
| EV/EBIT | n.a. | n.a. | 28.9 | 21.8 |
| FCF Yield (%) ⁽⁵⁾ | 3.9 | 1.5 | 2.4 | 3.7 |

REVENUE GROWTH CONTINUES (UNDERPINNED BY M&A)... 480S generated EUR 9.8Mn of revenue in 9m21 (EUR 10.3Mn in proforma terms; vs EUR 4.7Mn in 9m20). A very significant step-up in size: (+108% y/y) boosted mainly by the M&A activity carried out in the last year: acquisition of Iris-Ekamat and Sofistic SAS (December 2020) and Fama Systems, a software company for the Facility Services sector (March 2021).

...ALTHOUGH THE STEP-UP IN SIZE TEMPORARILY REDUCES THE EBITDA MARGIN.

In 9m21 480S generated Rec. EBITDA of EUR 0.8Mn (EUR 1Mn in proforma terms), mainly impacted by the large increase in the headcount (207 employees at 30 June) that drove personnel costs to EUR 5.2Mn (+160% vs 9m20). Putting the Recurrent EBITDA margin at c. 8% (c. 10% in proforma terms vs c. 15% in the previous year).

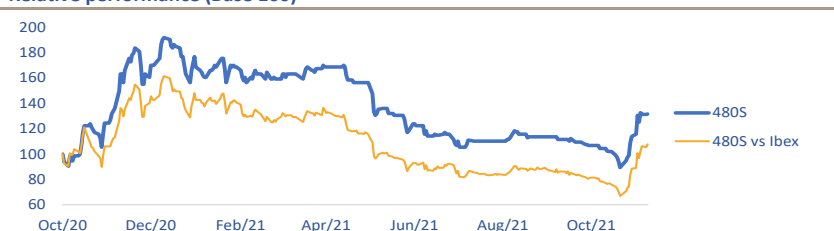
THE ENTRY OF INVEREADY STRENGTHENS THE ABILITY TO CONTINUE GROWING.

In October, 480S signed a EUR 4Mn financing agreement with Inveready involving the issuance of convertible bonds (at a conversion price of EUR 18/share; expiring in 5 years from the date of subscription in the event of non-conversion) divided into: (i) a single immediately available EUR 2Mn first tranche and (ii) a second EUR 2Mn tranche (to be paid at the discretion of 480S). This strengthens 480S' capacity to continue to seek non-organic growth opportunities (a theoretical conversion of the first tranche into equity would reduce ND by EUR 2Mn, that would imply a 2022e ND/EBITDA of <3x vs the 7.2x estimated in 2021e).

9M21 RESULTS LEAD US TO DOWNGRADE 2021E ESTIMATES ALTHOUGH STRATEGICALLY THE BUSINESS HAS BECOME STRONGER IN THE LONG TERM.

Now, the most sensible assumption is to think of a 2021e with revenue of EUR 13.5Mn (-11% vs previous estimate) and EBITDA of EUR 1.3Mn (vs our previous estimate of EUR 2Mn). But we should not lose sight of the fact that in proforma terms (consolidating 100% of the M&A executed YTD), 2021e estimates already point to revenue of EUR 14Mn and EBITDA of EUR 1.8-2Mn; that allows us to maintain our 2022e estimates: revenue and EBITDA of EUR 17.1Mn and EUR 2.3Mn (2022e EV/Sales of 3x and EV/EBITDA of 23x).

Relative performance (Base 100)



Stock performance (%)

| | -1m | -3m | -12m | YTD | -3Y | -5Y |
|------------------------------------|------|------|-------|-------|------|------|
| Absolute | 26.1 | 11.2 | -12.0 | -31.4 | n.a. | n.a. |
| vs Ibox 35 | 37.5 | 18.7 | -14.5 | -33.3 | n.a. | n.a. |
| vs Ibox Small Cap Index | 34.5 | 21.2 | -14.3 | -28.9 | n.a. | n.a. |
| vs Eurostoxx 50 | 31.9 | 14.9 | -24.4 | -40.0 | n.a. | n.a. |
| vs Sector benchmark ⁽⁴⁾ | 29.5 | 14.0 | -35.5 | -47.2 | n.a. | n.a. |

(1) Please refer to Appendix 3.

(2) Rotation is the % of the capitalisation traded - 12m.

(3) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16..

(4) Sector: Stoxx Europe 600 Technology.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(7) Others: Santiago Gimeno 4.1%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

Cuatroochenta (480S) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.120 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

9m21 Results and estimates review

Tabla 1. 9m21 Results

| EUR Mn | 9m21 | | 9m21 Real | 2021e vs | |
|-------------------------------------|-------------|--------------|------------------|-------------|------------------|
| | Real | 9m20 | vs 9m20 | 2021e | 2020 |
| Total Revenues¹ | 9.8 | 4.7 | 108.3% | 13.5 | 13.8% |
| Margen Bruto | 7.3 | 3.4 | 110.8% | 10.0 | 14.5% |
| Gastos de personal | -5.4 | -2.0 | 168.3% | -7.2 | 25.7% |
| Otros costes de explotación | -1.3 | -0.7 | 94.0% | -1.6 | 1.9% |
| Recurrent EBITDA² | 0.8 | 0.7 | 2.3% | 1.3 | -15.5% |
| <i>Rec. EBITDA/Revenues</i> | <i>7.8%</i> | <i>15.8%</i> | <i>-8.0 p.p.</i> | <i>9.4%</i> | <i>-3.3 p.p.</i> |
| EBITDA | 0.8 | 0.7 | 2.3% | 1.3 | 6.1% |
| <i>EBITDA/Revenues</i> | <i>7.8%</i> | <i>15.8%</i> | <i>-802.4%</i> | <i>9.4%</i> | <i>-0.7 p.p.</i> |

Note 1: Numbers for FAMA SYSTEMS, S.A. from March 15, 2021.

Note 2: 9m21 Recurrent EBITDA adjusted to strip out the impact of EUR 0.3Mn in capitalised expenses.

Table 2. Estimates review

| EUR Mn | 2021e (New) | 2021e | Review (%) | 2022e (New) | Review (%) | 2023e (New) | Review (%) |
|---------------------------------|----------------|--------------|------------------|----------------|------------------|----------------|-----------------|
| Total Revenues | 13.5 | 15.1 | -11.0% | 17.1 | -0.3% | 19.6 | -0.4% |
| Recurrent EBITDA | 1.3 | 2.0 | -36.3% | 2.3 | -2.5% | 2.9 | 0.5% |
| <i>Recurrent EBITDA growth</i> | <i>-15.5%</i> | <i>32.8%</i> | <i>-48 p.p.</i> | <i>78.3%</i> | <i>62 p.p.</i> | <i>28.6%</i> | <i>4 p.p.</i> |
| <i>Rec. EBITDA/Revenues</i> | <i>9.4%</i> | <i>13.2%</i> | <i>-3.8 p.p.</i> | <i>13.2%</i> | <i>-0.3 p.p.</i> | <i>14.9%</i> | <i>0.1 p.p.</i> |
| EBIT | 0.9 | 1.4 | -39.3% | 1.8 | 4.0% | 0.0 | n.a. |
| Net Profit | 0.5 | 1.0 | -46.5% | 1.2 | 0.7% | 1.7 | 2.2% |
| Recurrent Free Cash Flow | 0.7 | 1.1 | -41.8% | 1.1 | -17.3% | 1.6 | -8.0% |
| <i>ND / EBITDA</i> | <i>6.7 x</i> | <i>2.8 x</i> | <i>3.8 x</i> | <i>3.3 x</i> | <i>1.4 x</i> | <i>2.0 x</i> | <i>1.1 x</i> |

Appendix 1. Financial Projections⁽¹⁾

| Balance Sheet (EUR Mn) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
|--|------|------|------|--------------|---------------|---------------|---------------|--------------|-------------|--------------|
| Intangible assets | | | | 2.4 | 3.9 | 3.6 | 3.2 | 2.7 | | |
| Fixed assets | | | | 0.1 | 0.2 | 0.3 | 0.4 | 0.6 | | |
| Other Non Current Assets | | | | 0.3 | 0.5 | 7.5 | 7.5 | 7.5 | | |
| Financial Investments | | | | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 | | |
| Goodwill & Other Intangibles | | | | 1.8 | 5.1 | 5.1 | 5.1 | 5.1 | | |
| Current assets | | | | 1.6 | 2.8 | 3.1 | 3.8 | 4.3 | | |
| Total assets | | | | 6.2 | 13.6 | 19.6 | 20.0 | 20.2 | | |
| Equity | | | | 1.9 | 5.4 | 6.2 | 7.5 | 9.2 | | |
| Minority Interests | | | | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | | |
| Provisions & Other L/T Liabilities | | | | 1.1 | 1.4 | 1.4 | 1.4 | 1.4 | | |
| Other Non Current Liabilities | | | | - | - | - | - | - | | |
| Net financial debt | | | | 1.9 | 3.5 | 8.5 | 7.4 | 5.8 | | |
| Current Liabilities | | | | 1.2 | 3.3 | 3.5 | 3.6 | 3.7 | | |
| Equity & Total Liabilities | | | | 6.2 | 13.6 | 19.6 | 20.0 | 20.2 | | |
| P&L (EUR Mn) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
| Total Revenues | | | | 5.9 | 11.8 | 13.5 | 17.1 | 19.6 | <i>n.a.</i> | 18.4% |
| <i>Total Revenues growth</i> | | | | <i>n.a.</i> | <i>99.3%</i> | <i>13.8%</i> | <i>27.3%</i> | <i>14.4%</i> | | |
| COGS | | | | (1.4) | (3.1) | (3.5) | (4.5) | (5.2) | | |
| Gross Margin | | | | 4.5 | 8.7 | 10.0 | 12.6 | 14.4 | <i>n.a.</i> | 18.4% |
| <i>Gross Margin/Revenues</i> | | | | <i>76.2%</i> | <i>73.7%</i> | <i>74.1%</i> | <i>73.8%</i> | <i>73.7%</i> | | |
| Personnel Expenses | | | | (2.5) | (5.7) | (7.2) | (8.5) | (9.4) | | |
| Other Operating Expenses | | | | (0.8) | (1.5) | (1.6) | (1.9) | (2.1) | | |
| Recurrent EBITDA | | | | 1.1 | 1.5 | 1.3 | 2.3 | 2.9 | <i>n.a.</i> | 24.7% |
| <i>Recurrent EBITDA growth</i> | | | | <i>n.a.</i> | <i>31.2%</i> | <i>-15.5%</i> | <i>78.3%</i> | <i>28.6%</i> | | |
| <i>Rec. EBITDA/Revenues</i> | | | | <i>19.3%</i> | <i>12.7%</i> | <i>9.4%</i> | <i>13.2%</i> | <i>14.9%</i> | | |
| Restructuring Expense & Other non-rec. | | | | - | (0.3) | - | - | - | | |
| EBITDA | | | | 1.1 | 1.2 | 1.3 | 2.3 | 2.9 | <i>n.a.</i> | 34.5% |
| Depreciation & Provisions | | | | (0.4) | (0.7) | (0.7) | (0.7) | (0.8) | | |
| Capitalized Expense | | | | - | 0.1 | 0.3 | 0.3 | 0.3 | | |
| Rentals (IFRS 16 impact) | | | | - | - | - | - | - | | |
| EBIT | | | | 0.7 | 0.6 | 0.9 | 1.8 | 2.4 | <i>n.a.</i> | 54.7% |
| <i>EBIT growth</i> | | | | <i>n.a.</i> | <i>-10.3%</i> | <i>35.7%</i> | <i>105.4%</i> | <i>32.8%</i> | | |
| <i>EBIT/Revenues</i> | | | | <i>12.1%</i> | <i>5.5%</i> | <i>6.5%</i> | <i>10.5%</i> | <i>12.2%</i> | | |
| Impact of Goodwill & Others | | | | - | - | - | - | - | | |
| Net Financial Result | | | | (0.0) | (0.1) | (0.2) | (0.2) | (0.2) | | |
| Income by the Equity Method | | | | - | - | - | - | - | | |
| Ordinary Profit | | | | 0.7 | 0.5 | 0.7 | 1.6 | 2.2 | <i>n.a.</i> | 61.1% |
| <i>Ordinary Profit Growth</i> | | | | <i>n.a.</i> | <i>-22.7%</i> | <i>30.8%</i> | <i>129.5%</i> | <i>39.3%</i> | | |
| Extraordinary Results | | | | (0.5) | (0.3) | - | - | - | | |
| Profit Before Tax | | | | 0.1 | 0.2 | 0.7 | 1.6 | 2.2 | <i>n.a.</i> | <i>n.a.</i> |
| Tax Expense | | | | (0.2) | 0.0 | (0.2) | (0.3) | (0.5) | | |
| <i>Effective Tax Rate</i> | | | | <i>n.a.</i> | <i>n.a.</i> | <i>22.0%</i> | <i>22.0%</i> | <i>22.0%</i> | | |
| Minority Interests | | | | - | - | - | - | - | | |
| Discontinued Activities | | | | - | - | - | - | - | | |
| Net Profit | | | | (0.0) | 0.2 | 0.5 | 1.2 | 1.7 | <i>n.a.</i> | 91.2% |
| <i>Net Profit growth</i> | | | | <i>n.a.</i> | <i>n.a.</i> | <i>118.8%</i> | <i>129.5%</i> | <i>39.3%</i> | | |
| Ordinary Net Profit | | | | 0.5 | 0.8 | 0.5 | 1.2 | 1.7 | <i>n.a.</i> | 27.2% |
| <i>Ordinary Net Profit growth</i> | | | | <i>n.a.</i> | <i>75.1%</i> | <i>-35.6%</i> | <i>129.5%</i> | <i>39.3%</i> | | |
| Cash Flow (EUR Mn) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
| Recurrent EBITDA | | | | | | 1.3 | 2.3 | 2.9 | <i>n.a.</i> | 24.7% |
| Rentals (IFRS 16 impact) | | | | | | - | - | - | | |
| Working Capital Increase | | | | | | (0.1) | (0.4) | (0.4) | | |
| Recurrent Operating Cash Flow | | | | | | 1.2 | 1.8 | 2.5 | <i>n.a.</i> | 3.6% |
| CAPEX | | | | | | (0.1) | (0.2) | (0.2) | | |
| Net Financial Result affecting the Cash Flow | | | | | | (0.2) | (0.2) | (0.2) | | |
| Tax Expense | | | | | | (0.2) | (0.3) | (0.5) | | |
| Recurrent Free Cash Flow | | | | | | 0.7 | 1.1 | 1.6 | <i>n.a.</i> | -1.5% |
| Restructuring Expense & Other non-rec. | | | | | | - | - | - | | |
| - Acquisitions / + Divestures of assets | | | | | | (6.0) | - | - | | |
| Extraordinary Inc./Exp. Affecting Cash Flow | | | | | | - | - | - | | |
| Free Cash Flow | | | | | | (5.3) | 1.1 | 1.6 | <i>n.a.</i> | 46.0% |
| Capital Increase | | | | | | 0.4 | - | - | | |
| Dividends | | | | | | - | - | - | | |
| Net Debt Variation | | | | | | 5.0 | (1.1) | (1.6) | | |

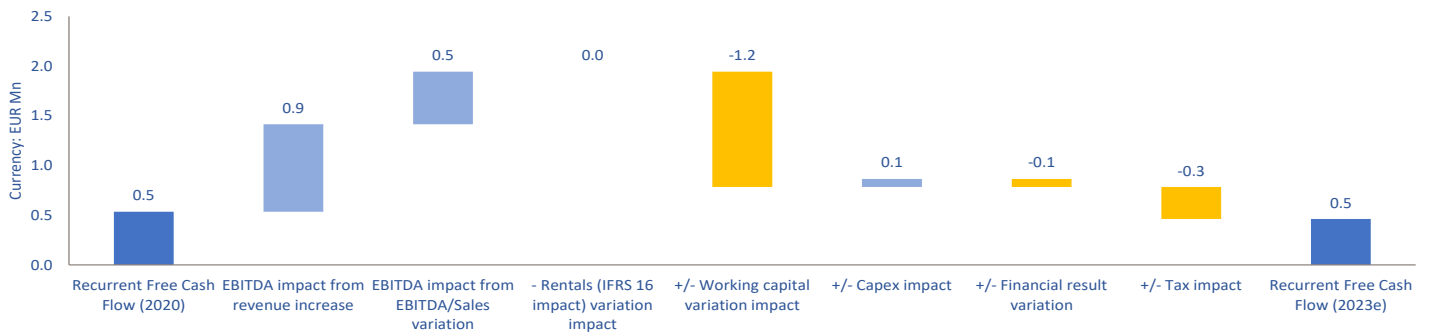
Note 1: Proforma figures for 2019 and 2020 to include the contributions of the companies acquired in 2019 and 2020 as if they had been acquired on Jan 1.

Appendix 2. Free Cash Flow⁽¹⁾

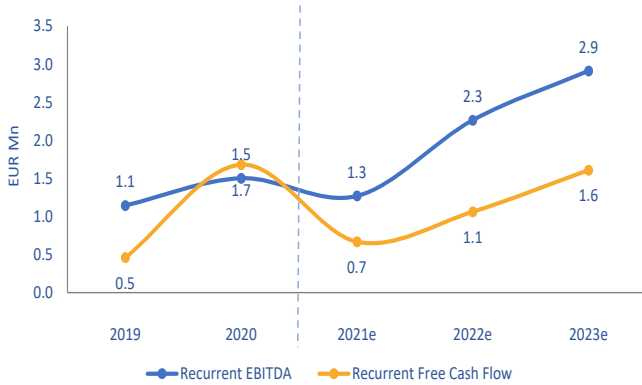
| A) Cash Flow Analysis (EUR Mn) | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
|---|------|------|------|--------|---------|--------|-------|-------|--------|
| | | | | | | | | 17-20 | 20-23e |
| Recurrent EBITDA | | | | 1.5 | 1.3 | 2.3 | 2.9 | n.a. | 24.7% |
| <i>Recurrent EBITDA growth</i> | | | | 31.2% | -15.5% | 78.3% | 28.6% | | |
| <i>Rec. EBITDA/Revenues</i> | | | | 12.7% | 9.4% | 13.2% | 14.9% | | |
| - Rentals (IFRS 16 impact) | | | | - | - | - | - | | |
| +/- Working Capital increase | | | | 0.8 | (0.1) | (0.4) | (0.4) | | |
| = Recurrent Operating Cash Flow | | | | 2.3 | 1.2 | 1.8 | 2.5 | n.a. | 3.6% |
| <i>Rec. Operating Cash Flow growth</i> | | | | 181.7% | -48.7% | 57.7% | 37.3% | | |
| <i>Rec. Operating Cash Flow / Sales</i> | | | | 19.1% | 8.6% | 10.7% | 12.8% | | |
| - CAPEX | | | | (0.3) | (0.1) | (0.2) | (0.2) | | |
| - Net Financial Result affecting Cash Flow | | | | (0.1) | (0.2) | (0.2) | (0.2) | | |
| - Taxes | | | | (0.2) | (0.2) | (0.3) | (0.5) | | |
| = Recurrent Free Cash Flow | | | | 1.7 | 0.7 | 1.1 | 1.6 | n.a. | -1.5% |
| <i>Rec. Free Cash Flow growth</i> | | | | 265.2% | -60.3% | 59.0% | 51.4% | | |
| <i>Rec. Free Cash Flow / Revenues</i> | | | | 14.2% | 5.0% | 6.2% | 8.2% | | |
| - Restructuring expenses & others | | | | (0.3) | - | - | - | | |
| - Acquisitions / + Divestments | | | | (2.8) | (6.0) | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | | | | - | - | - | - | | |
| = Free Cash Flow | | | | (1.4) | (5.3) | 1.1 | 1.6 | n.a. | 46.0% |
| <i>Free Cash Flow growth</i> | | | | 45.0% | -269.6% | 119.9% | 51.4% | | |
| <i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i> | | | | 3.9% | 1.5% | 2.4% | 3.7% | | |
| <i>Free Cash Flow Yield (s/Mkt Cap)</i> | | | | n.a. | n.a. | 2.4% | 3.7% | | |
| B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn) | | | | | | | | | |
| | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
| Recurrent FCF(FY - 1) | | | | 0.5 | 1.7 | 0.7 | 1.1 | | |
| EBITDA impact from revenue increase | | | | 1.1 | 0.2 | 0.3 | 0.3 | | |
| EBITDA impact from EBITDA/Sales variation | | | | (0.8) | (0.4) | 0.6 | 0.3 | | |
| = Recurrent EBITDA variation | | | | 0.4 | (0.2) | 1.0 | 0.6 | | |
| - Rentals (IFRS 16 impact) variation impact | | | | - | - | - | - | | |
| +/- Working capital variation impact | | | | 1.1 | (0.9) | (0.3) | 0.0 | | |
| = Recurrent Operating Cash Flow variation | | | | 1.5 | (1.1) | 0.7 | 0.7 | | |
| +/- CAPEX impact | | | | (0.2) | 0.1 | (0.0) | (0.0) | | |
| +/- Financial result variation | | | | (0.1) | (0.1) | (0.0) | 0.0 | | |
| +/- Tax impact | | | | 0.1 | 0.0 | (0.2) | (0.1) | | |
| = Recurrent Free Cash Flow variation | | | | 1.2 | (1.0) | 0.4 | 0.5 | | |
| Recurrent Free Cash Flow | | | | 1.7 | 0.7 | 1.1 | 1.6 | | |
| C) "FCF to the Firm" (pre debt service) (EUR Mn) | | | | | | | | | |
| | 2017 | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | CAGR | |
| EBIT | | | | 0.6 | 0.9 | 1.8 | 2.4 | n.a. | 54.7% |
| * <i>Theoretical Tax rate</i> | | | | 0.0% | 22.0% | 22.0% | 22.0% | | |
| = Taxes (pre- Net Financial Result) | | | | - | (0.2) | (0.4) | (0.5) | | |
| Recurrent EBITDA | | | | 1.5 | 1.3 | 2.3 | 2.9 | n.a. | 24.7% |
| - Rentals (IFRS 16 impact) | | | | - | - | - | - | | |
| +/- Working Capital increase | | | | 0.8 | (0.1) | (0.4) | (0.4) | | |
| = Recurrent Operating Cash Flow | | | | 2.3 | 1.2 | 1.8 | 2.5 | n.a. | 3.6% |
| - CAPEX | | | | (0.3) | (0.1) | (0.2) | (0.2) | | |
| - Taxes (pre- Financial Result) | | | | - | (0.2) | (0.4) | (0.5) | | |
| = Recurrent Free Cash Flow (To the Firm) | | | | 2.0 | 0.8 | 1.2 | 1.8 | n.a. | -3.4% |
| <i>Rec. Free Cash Flow (To the Firm) growth</i> | | | | 293.9% | -58.3% | 51.9% | 42.3% | | |
| <i>Rec. Free Cash Flow (To the Firm) / Revenues</i> | | | | 16.6% | 6.1% | 7.3% | 9.0% | | |
| - Acquisitions / + Divestments | | | | (2.8) | (6.0) | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | | | | - | - | - | - | | |
| = Free Cash Flow "To the Firm" | | | | (0.9) | (5.2) | 1.2 | 1.8 | n.a. | 59.7% |
| <i>Free Cash Flow (To the Firm) growth</i> | | | | 66.9% | -506.3% | 124.0% | 42.3% | | |
| <i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i> | | | | 3.8% | 1.6% | 2.4% | 3.4% | | |
| <i>Free Cash Flow "To the Firm" - Yield (o/EV)</i> | | | | n.a. | n.a. | 2.4% | 3.4% | | |

Note 1: Proforma figures for 2019 and 2020 to include the contributions of the companies acquired in 2019 and 2020 as if they had been acquired on Jan 1

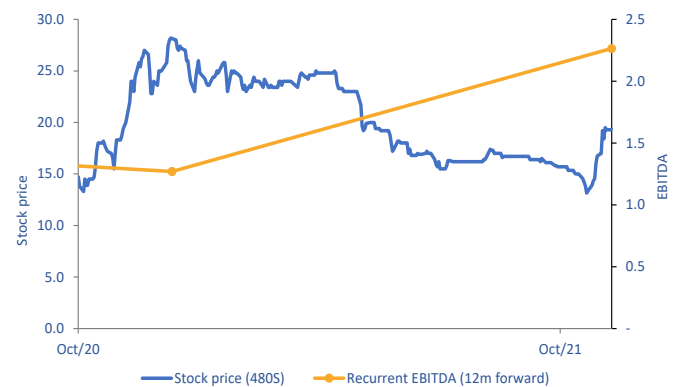
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

| | EUR Mn | Source |
|--------------------------------------|-------------|-----------------|
| Market Cap | 43.4 | |
| + Minority Interests | 0.0 | 6m Results 2021 |
| + Provisions & Other L/T Liabilities | 1.8 | 6m Results 2021 |
| + Net financial debt | 7.2 | 6m Results 2021 |
| - Financial Investments | 0.3 | 6m Results 2021 |
| +/- Others | | |
| Enterprise Value (EV) | 52.1 | |

Appendix 4. Main peers 2021e

| | | Software | | | | Cybersecurity | | | | | |
|-----------------------------|-------------------------|-------------------------|-------------------|----------|-------------------|---------------|-------------|-------------|-------------------|---------|---------|
| EUR Mn | | Qualtrics International | Descartes Systems | Appfolio | American Software | Average | CrowdStrike | SecureWorks | Absolute Software | Average | 480S |
| Market data | Ticker (Factset) | XM-US | DSG-CA | APPF-US | AMSWA-US | | CRWD-US | SCWX-US | ABST-CA | | 480S-ES |
| | Country | USA | Canada | USA | USA | | USA | USA | Canada | | Spain |
| | Market cap | 16,347.0 | 6,019.7 | 3,950.1 | 674.3 | | 44,031.9 | 1,346.7 | 394.7 | | 43.4 |
| | Enterprise value (EV) | 15,694.8 | 5,919.1 | 3,620.3 | 577.5 | | 43,141.3 | 1,189.2 | 591.8 | | 52.1 |
| Basic financial information | Total Revenues | 939.5 | 366.7 | 316.5 | 108.1 | | 1,246.4 | 478.2 | 107.3 | | 13.5 |
| | Total Revenues growth | 38.5% | 13.4% | 14.9% | 9.2% | 19.0% | 60.4% | -4.1% | 10.3% | 22.2% | 13.8% |
| | 2y CAGR (2021e - 2023e) | 24.9% | 14.9% | 18.5% | 7.5% | 16.4% | 35.6% | 4.8% | 38.8% | 26.4% | 20.7% |
| | EBITDA | 56.3 | 158.0 | 32.5 | 13.4 | | 174.6 | 0.8 | 19.8 | | 1.3 |
| | EBITDA growth | 135.3% | 29.7% | -20.5% | 59.7% | 51.1% | 581.2% | -89.8% | -18.2% | 157.8% | 6.1% |
| | 2y CAGR (2021e - 2023e) | 52.0% | 15.9% | 41.7% | 28.4% | 34.5% | 50.4% | n.a. | 46.8% | 48.6% | 51.4% |
| | EBITDA/Revenues | 6.0% | 43.1% | 10.3% | 12.4% | 17.9% | 14.0% | 0.2% | 18.5% | 10.9% | 9.4% |
| | EBIT | 27.3 | 92.7 | (3.2) | 8.4 | | 131.1 | (6.5) | 5.0 | | 0.9 |
| | EBIT growth | 112.1% | 43.4% | -136.7% | 147.2% | 41.5% | 266.2% | 77.7% | -55.8% | 96.0% | 35.7% |
| | 2y CAGR (2021e - 2023e) | 58.4% | n.a. | n.a. | 23.7% | 41.0% | 60.9% | 66.3% | n.a. | 63.6% | 65.2% |
| | EBIT/Revenues | 2.9% | 25.3% | n.a. | 7.7% | 12.0% | 10.5% | n.a. | 4.7% | 7.6% | 6.5% |
| | Net Profit | (879.2) | 73.3 | 8.2 | 8.7 | | 98.5 | (6.5) | 3.3 | | 0.5 |
| | Net Profit growth | -263.2% | 51.8% | -94.2% | 21.4% | -71.0% | 219.7% | 66.6% | -66.5% | 73.3% | 118.8% |
| | 2y CAGR (2021e - 2023e) | 12.7% | 29.8% | 88.8% | 24.0% | 38.8% | 74.3% | 62.1% | -47.0% | 29.8% | 78.8% |
| | CAPEX/Sales % | 4.3% | 1.4% | 9.2% | 0.8% | 3.9% | 8.1% | 1.3% | 2.3% | 3.9% | 1.1% |
| Free Cash Flow | (65.7) | 135.9 | 18.6 | 11.9 | | 316.2 | (0.5) | 39.1 | | (5.3) | |
| Net financial debt | (23.4) | (150.5) | (4.6) | (97.6) | | (1,077.7) | (186.9) | (110.3) | | 8.5 | |
| ND/EBITDA (x) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.7 | |
| Pay-out | 0.0% | n.a. | n.a. | n.a. | 0.0% | 0.0% | 0.0% | 315.0% | 105.0% | 0.0% | |
| Multiples and Ratios | P/E (x) | n.a. | 83.0 | n.a. | 60.2 | 71.6 | n.a. | n.a. | n.a. | n.a. | 81.4 |
| | P/BV (x) | n.a. | n.a. | 14.1 | n.a. | 14.1 | n.a. | 2.3 | 17.3 | 9.8 | 6.9 |
| | EV/Revenues (x) | 16.7 | 16.1 | 11.4 | 5.3 | 12.4 | n.a. | 2.5 | 5.5 | 4.0 | 3.9 |
| | EV/EBITDA (x) | n.a. | 37.5 | n.a. | 43.2 | 40.3 | n.a. | n.a. | 29.8 | 29.8 | 41.0 |
| | EV/EBIT (x) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| | ROE | n.a. | n.a. | 0.4 | n.a. | 0.4 | 11.2 | n.a. | n.a. | 11.2 | 9.2 |
| | FCF Yield (%) | n.a. | 2.3 | 0.5 | 1.8 | 1.5 | 0.7 | n.a. | 9.9 | 5.3 | 1.5 |
| | DPS | 0.00 | n.a. | n.a. | n.a. | 0.00 | 0.00 | 0.00 | 0.22 | 0.07 | 0.00 |
| Dvd Yield | 0.0% | n.a. | n.a. | n.a. | 0.0% | 0.0% | 0.0% | 2.8% | 0.9% | 0.0% | |

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

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

Appendix 5. Valuation inputs

Inputs for the DCF Valuation Approach

| | 2021e | 2022e | 2023e | Terminal Value ⁽¹⁾ | | |
|--------------------------------|-------|---|-------|-------------------------------|-----------|------------|
| Free Cash Flow "To the Firm" | (5.2) | 1.2 | 1.8 | n.a. | | |
| Market Cap | 43.4 | At the date of this report | | | | |
| Net financial debt | 7.2 | Debt net of Cash (6m Results 2021) | | | | |
| | | | | | Best Case | Worst Case |
| Cost of Debt | 3.0% | Net debt cost | | | 2.8% | 3.3% |
| Tax rate (T) | 20.0% | T (Normalised tax rate) | | | = | = |
| Net debt cost | 2.4% | $K_d = \text{Cost of Net Debt} * (1-T)$ | | | 2.2% | 2.6% |
| Risk free rate (rf) | 0.4% | Rf (10y Spanish bond yield) | | | = | = |
| Equity risk premium | 9.0% | R (own estimate) | | | 8.5% | 9.5% |
| Beta (B) | 1.2 | B (own estimate) | | | 1.1 | 1.3 |
| Cost of Equity | 11.2% | $K_e = R_f + (R * B)$ | | | 9.8% | 12.8% |
| Equity / (Equity + Net Debt) | 85.7% | E (Market Cap as equity value) | | | = | = |
| Net Debt / (Equity + Net Debt) | 14.3% | D | | | = | = |
| WACC | 10.0% | $WACC = K_d * D + K_e * E$ | | | 8.7% | 11.3% |
| G "Fair" | 2.5% | | | | 3.0% | 2.0% |

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

| Company | Ticker Factset | Mkt. Cap | P/E 21e | EPS 21e-23e | EV/EBITDA 21e | EBITDA 21e-23e | EV/Sales 21e | Revenues 21e-23e | EBITDA/Sales 21e | FCF Yield 21e | FCF 21e-23e |
|-------------------------|----------------|-------------|-------------|--------------|---------------|----------------|--------------|------------------|------------------|---------------|--------------|
| Qualtrics International | XM-US | 16,347.0 | n.a. | 27.6% | n.a. | 52.0% | 16.7 | 24.9% | 6.0% | n.a. | 72.2% |
| Descartes Systems | DSG-CA | 6,019.7 | 83.0 | 15.5% | 37.5 | 15.9% | 16.1 | 14.9% | 43.1% | 2.3% | 23.2% |
| Appfolio | APPF-US | 3,950.1 | n.a. | n.a. | n.a. | 41.7% | 11.4 | 18.5% | 10.3% | 0.5% | 17.4% |
| American Software | AMSWA-US | 674.3 | 60.2 | 21.6% | 43.2 | 28.4% | 5.3 | 7.5% | 12.4% | 1.8% | n.a. |
| Software | | | 71.6 | 21.5% | 40.3 | 34.5% | 12.4 | 16.4% | 17.9% | 1.5% | 37.6% |
| CrowdStrike | CRWD-US | 44,031.9 | n.a. | 68.9% | n.a. | 50.4% | n.a. | 35.6% | 14.0% | 0.7% | 42.3% |
| SecureWorks | SCWX-US | 1,346.7 | n.a. | 61.0% | n.a. | n.a. | 2.5 | 4.8% | 0.2% | n.a. | n.a. |
| Absolute Software | ABST-CA | 394.7 | n.a. | -47.9% | 29.8 | 46.8% | 5.5 | 38.8% | 18.5% | 9.9% | 1.1% |
| Cybersecurity | | | n.a. | 27.4% | 29.8 | 48.6% | 4.0 | 26.4% | 10.9% | 5.3% | 21.7% |
| 480S | 480S-ES | 43.4 | 81.4 | 78.8% | 41.0 | 51.4% | 3.9 | 20.7% | 9.4% | 1.5% | 51.7% |

Free Cash Flow sensitivity analysis (2022e)

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

| Scenario | EBITDA/Sales 22e | EBITDA 22e | EV/EBITDA 22e |
|----------|------------------|------------|---------------|
| Max | 14.5% | 2.5 | 20.9x |
| Central | 13.2% | 2.3 | 23.0x |
| Min | 11.9% | 2.0 | 25.5x |

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

| FCF Rec. EUR Mn | CAPEX/Sales 22e | | | Scenario | Rec. FCF/Yield 22e | | |
|-----------------|-----------------|------|------|----------|--------------------|---------|------|
| | 1.0% | 1.1% | 1.2% | | Max | Central | Min |
| EBITDA 22e | | | | | | | |
| 2.5 | 1.3 | 1.3 | 1.3 | Max | 3.0% | 3.0% | 2.9% |
| 2.3 | 1.1 | 1.1 | 1.0 | Central | 2.5% | 2.4% | 2.4% |
| 2.0 | 0.9 | 0.8 | 0.8 | Min | 2.0% | 1.9% | 1.9% |

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|----------------|----------------|-------------|--------------------|--------------------|------------------------|---------------------|
| 01-Dec-2021 | n.a. | 19.35 | n.a. | n.a. | Estimates downgrade | David López Sánchez |
| 07-Oct-2021 | n.a. | 16.40 | n.a. | n.a. | 6m Results 2021 | David López Sánchez |
| 22-Apr-2021 | n.a. | 24.80 | n.a. | n.a. | Initiation of Coverage | David López Sánchez |

