

**9m Results 2023**

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**Business description**

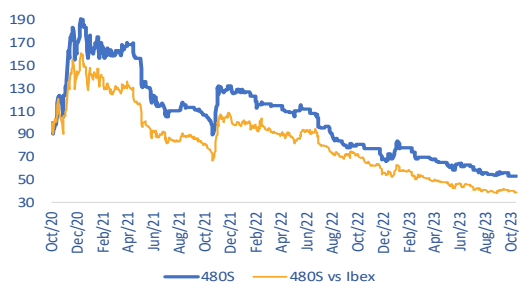
**Cuatroochenta (480S)**, is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 25% of the total (mainly Latam). The company has been listed on BME Growth since November 2020. Management controls c. 60% of capital.

**Market Data**

|                                    |                     |      |
|------------------------------------|---------------------|------|
| Market Cap (Mn EUR and USD)        | 20.6                | 22.2 |
| EV (Mn EUR and USD) <sup>(2)</sup> | 29.0                | 31.2 |
| Shares Outstanding (Mn)            | 2.7                 |      |
| -12m (Max/Med/Mín EUR)             | 12.00 / 9.43 / 7.55 |      |
| Daily Avg volume (-12m Mn EUR)     | n.m.                |      |
| Rotation <sup>(3)</sup>            | 7.3                 |      |
| Factset / Bloomberg                | 480S-ES / 480S SM   |      |
| Close fiscal year                  | 31-Dec              |      |

**Shareholders Structure (%)<sup>(5)</sup>**

|                         |      |
|-------------------------|------|
| Montesinos family       | 19.4 |
| Alfredo Cebrián Fuertes | 16.8 |
| Sergio Aguado Gonzalez  | 16.7 |
| Pavasal Group           | 6.3  |
| Free Float              | 34.2 |

**Relative performance (Base 100)**

**Stock performance (%)**

|                                    | -1m  | -3m  | -12m  | -5Y  |
|------------------------------------|------|------|-------|------|
| Absolute                           | -5.6 | -9.0 | -34.9 | n.a. |
| vs Ibex 35                         | -5.7 | -7.8 | -44.1 | n.a. |
| vs Ibex Small Cap Index            | -6.4 | -3.3 | -40.8 | n.a. |
| vs Eurostoxx 50                    | -5.9 | -5.2 | -42.3 | n.a. |
| vs Sector benchmark <sup>(4)</sup> | -7.2 | -5.1 | -46.7 | n.a. |

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 1.

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

(4) vs Stoxx Europe 600 Technology.

(5) Others: Gimeno 111 Estudio de comunicación S.L 3.3%, Angel López Domenech 1.8%, Inveready 1.4%

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

## 9M23 earnings: Strong topline growth (+25%) and the metric to watch

**9M23, CONTINUED STRONG REVENUE GROWTH.** 480S reported revenue in 9m23 of EUR 16.3Mn (+25.1% vs 9m22), with organic growth still strong (+20% vs 9m22; EUR 2.6Mn). The acquisition of Cloud Factory contributed EUR 0.7Mn.

**FOCUS ON SCALABLE BUSINESSES.** 480S is delivering excellent topline growth thanks to its focus on marketing solutions that produce recurring and scalable revenue (e.g., SaaS product licences or subscriptions, regular maintenance, etc.). Meanwhile, the company is proceeding with its internationalisation strategy. Its strong footprint in the Latin American cybersecurity business is helping other (higher margin) proprietary products, such as Fama and CheckingPlan, gain entry.

**WITH GROWTH IN RECURRING REVENUE.** Recurring revenue in 9m23 totalled EUR 9.3Mn (vs EUR 6.7Mn in 9m22; excluding the custom development line). The company's annualised recurring revenue (ARR), meaning revenue from subscriptions, contracts or renewable agreements based on the September volume stands at EUR 13.3Mn (+3.4% vs 1H23).

**FURTHER IMPROVEMENT IN RECURRING EBITDA** Thanks to synergies among the various business lines, progress on integrating the newly acquired businesses and control over staff and other operating costs (so reducing their relative weight), recurring EBITDA was EUR 1.1Mn (vs EUR 0.2Mn in 9m22 and EUR 0.6Mn in 1H23). Even with the good recurring EBITDA performance, we are revising down our estimates. Our new estimate for recurring EBITDA 2023e is c.EUR 1.4Mn (vs EUR 2.2Mn previously), which is still double recurring EBITDA in 2022.

**IN SHORT, HEALTHY 9M23 EARNINGS WITH THE STOCK AT ALL-TIME LOWS.** The drop in the share price over the last 12 months (-34.9% absolute and -44.1% vs IBEX 35) have left 480S trading at all-time lows, even despite delivering strong growth in revenue and recurring EBITDA in 9m23. It also further backs 480S's dual growth story. We see scope for the growth in revenue (EV/revenue multiple 2023e of c. 1.3x) and margin expansion (already visible in 2023e) to continue (2024e-2025e). This should spark a rally by the stock, as revenue growth of c. 15%/year (2024e-2025e) feeds through to earnings (EBITDA, FCF). This is our baseline scenario.

**Table 1. Results**

| EUR Mn                              | 9m23 Real    | 9m22         | 9m23 Real vs 9m22 |
|-------------------------------------|--------------|--------------|-------------------|
| <b>Total Revenues</b>               | <b>16.3</b>  | <b>13.1</b>  | <b>25.1%</b>      |
| <b>Gross margin</b>                 | <b>11.1</b>  | <b>9.5</b>   | <b>16.9%</b>      |
| <b>Gross Margin (%)</b>             | <b>67.7%</b> | <b>72.4%</b> | <b>-4.7 p.p.</b>  |
| Personnel expenses                  | -8.3         | -7.1         | 18.0%             |
| Other operating expenses            | -1.6         | -2.2         | -25.4%            |
| <b>Recurrent EBITDA<sup>1</sup></b> | <b>1.1</b>   | <b>0.2</b>   | <b>n.a.</b>       |
| <b>Rec. EBITDA/Revenues</b>         | <b>6.7%</b>  | <b>1.6%</b>  | <b>5.1 p.p.</b>   |

Note 1: Rec. EBITDA adjusted to exclude the impact of capitalised expenses (EUR 0.6Mn in 9m22 y EUR 0.5Mn in 9m23) and the impact of the extraordinary items arising from the restructuring of the acquired companies' personnel.

Note 2: Reporting revenue and EBITDA figures do not include the share of profits of Pavabits (50%-owned) or Matrix Development (100%-owned by Pavabits), accounted for using the equity method. These companies obtained revenue of EUR 2.3Mn and EBITDA of c.EUR 1.0Mn in 9m23

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## Cuatroochenta (480S) is a BME Growth company

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## Appendix 1. EV breakdown at the date of this report

|                                      | EUR Mn      | Source          |
|--------------------------------------|-------------|-----------------|
| Market Cap                           | 20.6        |                 |
| + Minority Interests                 | 0.0         | 6m Results 2023 |
| + Provisions & Other L/T Liabilities | 1.7         | 6m Results 2023 |
| + Net financial debt                 | 7.0         | 6m Results 2023 |
| - Financial Investments              | 0.4         | 6m Results 2023 |
| +/- Others                           |             |                 |
| <b>Enterprise Value (EV)</b>         | <b>29.0</b> |                 |

## LIGHTHOUSE

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|----------------|----------------|-------------|--------------------|--------------------|---------------------------------------|---------------------|
| 07-Nov-2023    | n.a.           | 7.55        | n.a.               | n.a.               | 9m Results 2023                       | Enrique Andres Abad |
| 26-Sep-2023    | n.a.           | 7.85        | n.a.               | n.a.               | 6m Results 2023                       | Enrique Andres Abad |
| 15-Jun-2023    | n.a.           | 9.15        | n.a.               | n.a.               | 3m Results 2023                       | David López Sánchez |
| 12-Jun-2023    | n.a.           | 8.30        | n.a.               | n.a.               | Small & Micro Caps (Spain)            | David López Sánchez |
| 25-Apr-2023    | n.a.           | 9.75        | n.a.               | n.a.               | 12m Results 2022                      | David López Sánchez |
| 23-Dec-2022    | n.a.           | 9.80        | n.a.               | n.a.               | 9m Results 2022                       | David López Sánchez |
| 06-Oct-2022    | n.a.           | 11.20       | n.a.               | n.a.               | 6m Results 2022 - Estimates downgrade | David López Sánchez |
| 09-Jun-2022    | n.a.           | 16.60       | n.a.               | n.a.               | 3m Results 2022                       | David López Sánchez |
| 18-Mar-2022    | n.a.           | 16.64       | n.a.               | n.a.               | 12m 2021 Preliminary results          | David López Sánchez |
| 01-Dec-2021    | n.a.           | 18.83       | n.a.               | n.a.               | 9m Results 2021 - Estimates downgrade | David López Sánchez |
| 07-Oct-2021    | n.a.           | 15.96       | n.a.               | n.a.               | 6m Results 2021                       | David López Sánchez |
| 22-Apr-2021    | n.a.           | 24.14       | n.a.               | n.a.               | Initiation of Coverage                | David López Sánchez |

