

12m Results 2024

 Opinion ⁽¹⁾: Above expectations

 Impact ⁽¹⁾: We will have to raise our estimates

Alfredo Echevarría Otegui – alfredo.echevarria@institutodeanalistas.com

+34 915 631 972

Business description

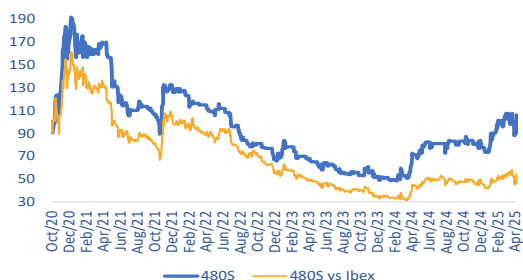
Cuatroochenta (480S), is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 47% of the total (mainly Latam). The company has been listed on BME Growth since November 2020.

Market Data

| | | |
|------------------------------------|----------------------|------|
| Market Cap (Mn EUR and USD) | 41.5 | 47.2 |
| EV (Mn EUR and USD) ⁽²⁾ | 43.6 | 49.5 |
| Shares Outstanding (Mn) | 2.7 | |
| -12m (Max/Med/Min EUR) | 15.40 / 12.05 / 9.70 | |
| Daily Avg volume (-12m Mn EUR) | 0.01 | |
| Rotation ⁽³⁾ | 6.2 | |
| Factset / Bloomberg | 480S-ES / 480S SM | |
| Close fiscal year | 31-Dec | |

Shareholders Structure (%) ⁽⁵⁾

| | |
|-------------------------|------|
| Montesinos family | 18.6 |
| World Wide Networks | 18.4 |
| Alfredo Cebrían Fuertes | 16.8 |
| Sergio Aguado Gonzalez | 16.7 |
| Free Float | 18.4 |

Relative performance (Base 100)

Stock performance (%)

| | -1m | -3m | -12m | -5Y |
|------------------------------------|-----|------|------|------|
| Absolute | 3.4 | 17.8 | 49.0 | n.a. |
| vs Ibex 35 | 3.6 | 10.1 | 21.7 | n.a. |
| vs Ibex Small Cap Index | 1.5 | 8.7 | 30.4 | n.a. |
| vs Eurostoxx 50 | 6.8 | 20.6 | 42.1 | n.a. |
| vs Sector benchmark ⁽⁴⁾ | 6.8 | 29.2 | 57.0 | 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 2.

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

(4) vs Stoxx Europe 600 Technology.

(5) Others: Grupo Pavasal 6.3%, Gimeno 111 Estudio de comunicación 3.3%, Inveready 1.4%

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

12m24 Results: better than expected. Continued margin improvement, which doubles.

REVENUES CONTINUE TO GROW STRONGLY (>20%)... Reaching EUR 27.7Mn (+23.2%). In line with what has been seen throughout 2024, and maintaining the level of the last 3 years: 2021-2024 CAGR c.+26%. In a model based on organic revenue growth (no M&A in 2023-2024). Strong growth that continues to be supported by an increasingly broad base of recurring revenue, and whose growth is strategic for 480S. Annual recurring revenue reaches EUR 19.35Mn in 2024 (+28%), and represents c.70% of Total Revenue (c.40% in 2021). Its increase implies greater visibility, lower business risk, and therefore, higher target multiples.

The revenue mix continues to be dominated by Cybersecurity (42%), followed by Value-Added Resellers (28%), Independent Software Vendors (19%), and Professional Technology Services (11%). Cybersecurity has again increased its weight in the mix (+5 p.p. vs. 37% in 2023).

...CONTINUED (LOGICAL) PRESSURE ON GROSS MARGIN... A dynamic that began in 2022 and is caused by the change in the revenue mix, with more weight from third-party license sales vs. proprietary product. And whose main cause would continue to be the growth of Sofistic (with organic growth of +38% in 2024). The gross margin trend is clear: 72.7% (2021), 71.1% (2022), 67.0% (2023), and 63.5% (2024).

...AND THE EBITDA MARGIN REACHES 9% (C.2X 2023). Due to structure optimization and leveraging operating leverage in a context of strong revenue growth. This data is key to the results, as it signals a growth driver that should continue. Structural costs grow by c.+15% vs. 2023 (vs. c.+23% for revenue), causing a large "jump" in the EBITDA/Sales margin (from 4.1% in 2023 to 9.0%), bringing 2024 Recurring EBITDA to EUR 2.5Mn (vs. EUR 0.9Mn in 2023). "Cash" EBITDA, net of the impact of capitalized expenses, grants, and other non-recurring items.

BETTER THAN EXPECTED RESULTS, AND GREAT IMPROVEMENT IN LEVERAGE. Both revenue and gross margin have been fully in line, AND the EBITDA/Sales margin improves as we expected, but much faster (Recurring EBITDA EUR 2.5Mn vs. our estimate of EUR 2.0Mn). This will lead us to move 2025 numbers upwards to reflect the jump in profitability that has already occurred, and which should continue for the same reasons: i) revenue growth of +15-20%, ii) progressive exhaustion of the gross margin drop due to the change in mix, and iii) improvement in EBITDA/Revenue margin due to operating leverage, taking advantage of an already created structure. Additionally, Net Debt improves again, falling below EUR 4Mn via positive FCF generation, leaving the Net Debt/EBITDA ratio at 1.5x.

A MODEL OF HIGH ORGANIC GROWTH AND A MARGIN IMPROVEMENT THAT HAS ROOM TO GROW AND WILL LEAD US TO RAISE ESTIMATES. The 2024 results confirm 480S's equity story, based on leveraging strong revenue growth (essentially non-recurring) and rapidly improving margins by growing without increasing structure. The most interesting aspect of the results is that the causes explaining them should continue, which will lead us to raise 2025 numbers, insofar as our margin target for that year has already been reached in 2024. This explains the -12m performance of the stock (+49.0%; +57.0% vs. sector). But the business momentum remains favorable. The continuation of revenue growth in 2025 (c.+20%) and margins of c.10% (+1 p.p. vs. 2024) would imply an EV/Sales of 1.3x, still well below the sector.

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.

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Appendix 1. Results table

| EUR Mn | 12m24 Real | 12m23 | 12m24 Real vs | 2024e | 2024 vs |
|-------------------------------------|--------------|--------------|------------------|--------------|------------------|
| | | | 12m23 | | 2024e |
| Total Revenues¹ | 27.7 | 22.5 | 23.2% | 27.2 | 1.9% |
| Gross margin | 17.6 | 15.1 | 16.8% | 17.4 | 1.0% |
| <i>Gross Margin (%)</i> | <i>63.5%</i> | <i>67.0%</i> | <i>-3.5 p.p.</i> | <i>64.1%</i> | <i>-3.0 p.p.</i> |
| Personnel expenses | -12.1 | -11.1 | 8.6% | -12.1 | 0.3% |
| Other operating expenses | -3.0 | -3.0 | -0.7% | -3.4 | -10.7% |
| Recurrent EBITDA² | 2.5 | 0.9 | n.a. | 2.0 | 24.7% |
| <i>Rec. EBITDA/Revenues</i> | <i>9.0%</i> | <i>4.1%</i> | <i>5.0 p.p.</i> | <i>7.4%</i> | <i>3.3 p.p.</i> |
| EBITDA² | 2.7 | 1.4 | 89.1% | 2.0 | 34.7% |
| <i>EBITDA/Revenues</i> | <i>9.7%</i> | <i>6.4%</i> | <i>3.4 p.p.</i> | <i>7.4%</i> | <i>1.0 p.p.</i> |
| EBIT | 1.4 | 0.4 | 219.6% | 1.0 | 36.3% |
| PBT | 1.3 | 0.3 | 347.0% | 1.0 | 27.7% |
| NP | 1.1 | 0.2 | n.a. | 0.8 | 35.0% |
| Net Debt ³ | 3.7 | 6.4 | -42.2% | 6.3 | -41.4% |
| DN / EBITDA Rec. | 1.5 | 7.0 | | | |

- (1) Revenue and EBITDA figures do not include the results generated by Pavabits (50% stake) or Matrix Development (100% stake in Pavabits), as their results are consolidated using the equity method. These companies generated 12m24 revenue of EUR 3.1Mn vs. EUR 3.0Mn in 2023, and 12m24 Recurring EBITDA of EUR 1.1Mn (same as in 2023).
- (2) Recurring EBITDA adjusted to exclude the impact of capitalized expenses (EUR 0.5Mn 2024 and EUR 0.6Mn 2023) and grants (EUR 0.2Mn 2024 and EUR 0.5Mn 2023).
- (3) Net Debt includes bank debt, bonds, cash, and other liquid assets, but excludes debt from lease liabilities (IFRS 16).

Appendix 2. EV breakdown at the date of this report

| | EUR Mn | Source |
|--------------------------------------|-------------|------------------|
| Market Cap | 41.5 | |
| + Minority Interests | 0.1 | 12m Results 2024 |
| + Provisions & Other L/T Liabilities | 1.5 | 12m Results 2024 |
| + Net financial debt | 3.7 | 12m Results 2024 |
| - Financial Investments | 3.2 | 12m Results 2024 |
| +/- Others | | |
| Enterprise Value (EV) | 43.6 | |

Appendix 3. Main peers (2025e)

| | EUR Mn | Software | | Average | Cybersecurity |
|-----------------------------|-------------------------|-------------------|----------|---------|---------------|
| | | Descartes Systems | Appfolio | | CrowdStrike |
| Market data | Ticker (Factset) | DSG-CA | APPF-US | | CRWD-US |
| | Country | Canada | USA | | USA |
| | Market cap | 7,931.4 | 6,545.5 | | 93,517.0 |
| | Enterprise value (EV) | 7,720.9 | 6,395.7 | | 90,442.3 |
| Basic financial information | Total Revenues | 648.0 | 817.4 | | 4,212.7 |
| | Total Revenues growth | 13.4% | 17.0% | 15.2% | 21.1% |
| | 2y CAGR (2025e - 2027e) | 11.8% | n.a. | 11.8% | 22.7% |
| | EBITDA | 291.3 | 221.3 | | 965.4 |
| | EBITDA growth | 31.8% | 60.0% | 45.9% | n.a. |
| | 2y CAGR (2025e - 2027e) | 12.3% | n.a. | 12.3% | 31.7% |
| | EBITDA/Revenues | 45.0% | 27.1% | 36.0% | 22.9% |
| | EBIT | 206.7 | 138.2 | | 860.2 |
| | EBIT growth | 33.2% | 15.8% | 24.5% | 912.0% |
| | 2y CAGR (2025e - 2027e) | 21.7% | n.a. | 21.7% | 39.4% |
| | EBIT/Revenues | 31.9% | 16.9% | 24.4% | 20.4% |
| | Net Profit | 150.7 | 166.1 | | 773.8 |
| | Net Profit growth | 19.9% | -7.5% | 6.2% | n.a. |
| | 2y CAGR (2025e - 2027e) | 17.0% | n.a. | 17.0% | 36.2% |
| | CAPEX/Sales % | 0.9% | 0.6% | 0.7% | 6.9% |
| | Free Cash Flow | 238.5 | 184.3 | | 1,045.7 |
| | Net financial debt | (328.8) | (171.5) | | (4,103.4) |
| Multiples and Ratios | ND/EBITDA (x) | n.a. | n.a. | n.a. | n.a. |
| | Pay-out | 0.0% | 0.0% | 0.0% | 0.0% |
| | P/E (x) | 53.5 | 39.5 | 46.5 | n.a. |
| | P/BV (x) | n.a. | 11.9 | 11.9 | n.a. |
| | EV/Revenues (x) | 11.9 | 7.8 | 9.9 | n.a. |
| | EV/EBITDA (x) | 26.5 | 28.9 | 27.7 | n.a. |
| | EV/EBIT (x) | 37.4 | 46.3 | 41.8 | n.a. |
| | ROE | n.a. | 30.2 | 30.2 | 21.1 |
| | FCF Yield (%) | 3.0 | 2.8 | 2.9 | 1.1 |
| | DPS | 0.00 | 0.00 | 0.00 | 0.00 |
| | Dvd Yield | 0.0% | 0.0% | 0.0% | 0.0% |

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

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

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 91 563 19 72
institutodeanalistas.com/lighthouse

Head of research

Alfredo Echevarría Otegui

alfredo.echevarria@institutodeanalistas.com

Analysts who contributed to this report:

Pablo Victoria Rivera, CESGA

Equity research

pablo.victoria@institutodeanalistas.com

Daniel Gandoy López

Equity research

lighthouse@institutodeanalistas.com

Miguel Medina Sivilotti

Equity research

lighthouse@institutodeanalistas.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@institutodeanalistas.com

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| Date of report | Recommendation | Price (EUR) | Target price (EUR) | Period of validity | Reason for report | Analyst |
|----------------|----------------|-------------|--------------------|--------------------|---------------------------------------|---------------------------|
| 02-May-2025 | n.a. | 15.20 | n.a. | n.a. | 12m Results 2024 | Alfredo Echevarría Otegui |
| 13-Nov-2024 | n.a. | 12.00 | n.a. | n.a. | 9m Results 2024 | Alfredo Echevarría Otegui |
| 03-Oct-2024 | n.a. | 11.40 | n.a. | n.a. | 6m Results 2024 | Alfredo Echevarría Otegui |
| 27-May-2024 | n.a. | 10.40 | n.a. | n.a. | Small & Micro Caps (Spain) | Alfredo Echevarría Otegui |
| 07-May-2024 | n.a. | 10.20 | n.a. | n.a. | 3m Results 2024 | Enrique Andrés Abad, CFA |
| 18-Apr-2024 | n.a. | 8.00 | n.a. | n.a. | 12m Results 2023 | Enrique Andrés Abad, CFA |
| 07-Nov-2023 | n.a. | 7.55 | n.a. | n.a. | 9m Results 2023 | Enrique Andrés Abad, CFA |
| 26-Sep-2023 | n.a. | 7.85 | n.a. | n.a. | 6m Results 2023 | Enrique Andrés Abad, CFA |
| 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 |

