BUY

CUATROOCHENTA

SPAIN | INFORMATION TECHNOLOGY

Highly scalable; initiating with a Buy

Price (€)	10.90
Target Price (€)	18.00
Target Return	65.1%
Ticker	480S SM
Shares Out (m)	3
Market Cap (€m)	30

Key Estimates	2023a	2024e	2025e
P/E (x)	139.6	43.9	20.7
P/CF (x)	13.6	12.4	10.0
EV/EBITDA (x)	15.6	13.5	10.5
P/BV (x)	2.4	2.7	2.4
Div yield (%)	0.0	0.0	0.0

Performance (%)	1D	1M	YTD
Price Perf	0.0	-9.2	-1.8
Rel IBEX 35	-0.9	-13.4	-5.0

Source: Company data, FactSet and JB Capital estimates

We initiate coverage of Cuatroochenta with a Buy rating and €18.0/shr target price, offering a c. 65% upside (incl. a 20% liquidity discount). This price is fully diluted for two convertibles with an €18/shr strike price maturing in 2027. Cuatroochenta is a Spanish technology company specialising in B2B cloud-based digital solutions, with a strong focus on digital transformation of processes and cybersecurity. It primarily targets SMEs in Spain (c. 60% of revenues) and LatAm (40%), where digitalisation remains low, offering a major growth opportunity. We forecast CAGRs of 15% for organic revenue and 24% for EBITDA in 2024-28. Cuatroochenta also has a solid M&A track record that could further accelerate growth. At 10.5x 2025e EV/EBITDA, the stock trades at a significant discount to peers focused on software (c. 16.5x), offering an attractive entry point given its double-digit growth profile, high recurring revenues (c. 70% of sales) and margin expansion potential.

Digital transformation offers key growth opportunity: Digitalisation rates in Spain and LatAm—Cuatroochenta's core markets—are still low (27% in Spain vs c. 39% EU avg. according to the European Commission), implying a growth opportunity, particularly in the SME segment. The Spanish SaaS (Software-as-a-Service) market is expected to see 19% CAGR in 2024-29, driven by rising demand for digital solutions to enhance productivity. Cybersecurity (43% of revenues) too is a growing priority—in key LatAm markets for Cuatroochenta, such as Colombia and Panama, Frost & Sullivan foresees cybersecurity spending to grow 19% and 34%, respectively, in 2024.

A scalable and resilient business model: Cuatroochenta operates under a B2B SaaS model, generating revenue through subscription-based licenses (c. 70% of sales), which reduces revenue growth's dependence on workforce expansion (thus enabling greater scalability). Furthermore, Cuatroochenta's software/solutions address critical business functions such as facility management and maintenance of essential infrastructures or cybersecurity, resulting in low customer churn and strong revenue visibility.

Double-digit growth ahead: Cuatroochenta has delivered a 24% CAGR revenue growth in 2020-24 and we expect it to sustain double-digit revenue growth (15% CAGR in 2024-28), driven by its focus on SaaS and cybersecurity, two of the fastest-growing segments in the IT sector. EBITDA should grow even faster (24% CAGR in 2024-28), driven by operating leverage, with profitability improving by 3.3pp to an EBITDA margin of 13.4% by 2028.

Deleveraging quickly: Cuatroochenta is already generating positive FCF despite its current growth stage. The cash generation estimated from 2024 should enable ND/EBITDA to reduce to 1x by 2026. This healthier level of leverage provides the company with operational flexibility to pursue inorganic growth opportunities. Our TP is fully diluted for €3m convertibles (€18/shr strike price) maturing in 2027.

Catalysts and risks: Key catalysts include: i) 4Q24 results in April, confirming Cuatroochenta's top-line growth and margin upside potential; and ii) potential M&A activity, mainly if focused on high-margin SaaS businesses or proprietary cybersecurity solutions. On the other hand, risks include: i) dependency on third-party vendors (potentially pressuring gross margins); ii) intense competition; iii) price commoditisation, as the tech sector is deflationary by nature; and iv) exposure to emerging markets (LatAm).

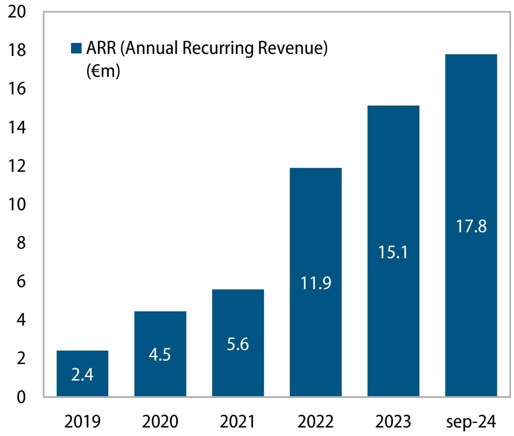

David López Sánchez
dlopez@jbcapital.com
+34 91 769 1164


Ignacio Domínguez Ruiz
idominguez@jbcapital.com
+34 91 769 1131

Sales / Trading
equity.sales@jbcapital.com
equity.trading@jbcapital.com
+34 91 788 6962

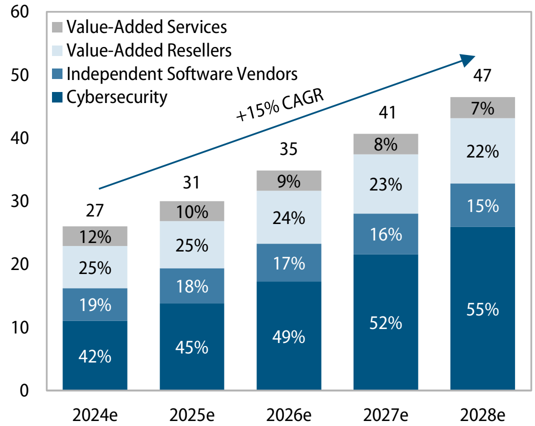
Cuatroochenta in six charts

Strong ARR growth (+18% as of Sep-24) is supportive and reinforces growth visibility



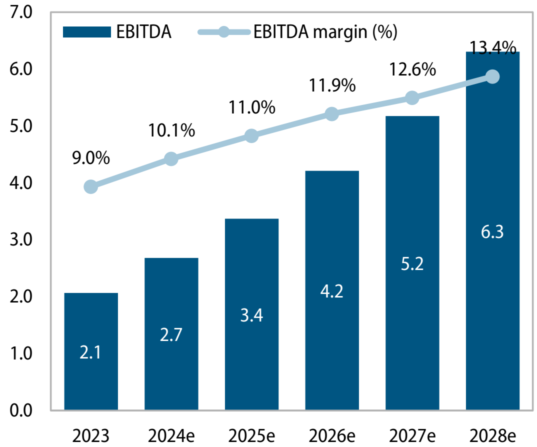
Source: Company data

Expect double-digit revenue growth due to Cuatroochenta's position in the fastest growth segments of digitalization



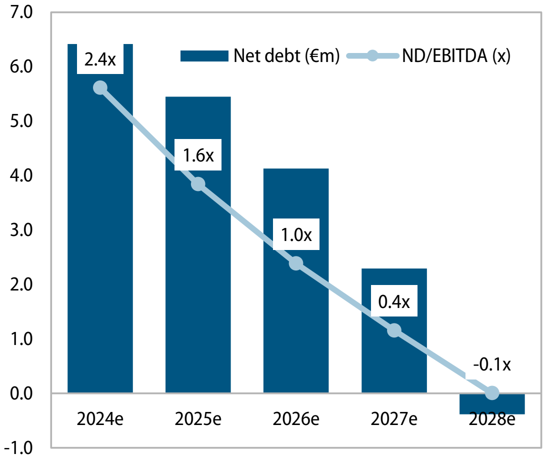
Source: JB Capital estimates

We see significant upside in margins with Cuatroochenta driving a 24% EBITDA CAGR in 2024-28e



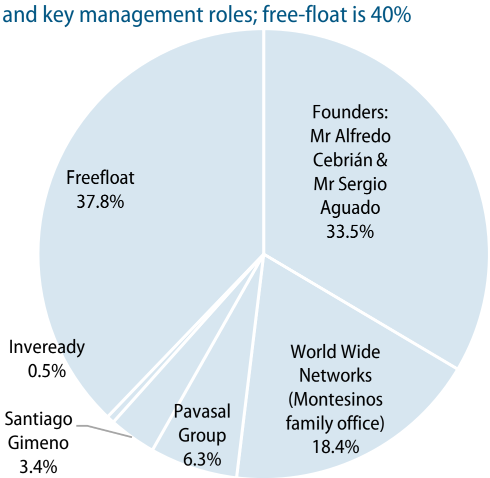
Source: Company data and JB Capital estimates

Deleveraging quickly; we expect ND/EBITDA to gain scale, return to 1x by end-2026



**Note: Our Net debt estimates include the €3m convertibles*
Source: JB Capital estimates

Founding partners retain 33.5% stake in company and key management roles; free-float is 40%



**Note: For fully diluted structure, refer to page 23*
Source: Company data

Our TP offers a c. 65% upside to current prices (fully diluted), including a 20% liquidity discount

	EV	EV/EBITDA		EV/EBIT	
	€m	2025e	2026e	2025e	2026e
EV	**66**	19.6x	15.7x	36.2x	23.8x
(-) Net debt 24e	3.4	ex-convertibles			
(-) Minorities (FY23 BV)	0.0				
(+) Financial Assets	3.0				
Equity (€m)	**65**				
Current Shares (m shares)	2.7				
Convertible shares (m)	0.2	€3.2m at €18/shr			
Fair Value (€/shr)	**22.5**				
(-) 20% Liquidity discount	4.5				
Target Price (€/shr)	**18.0**				
Upside vs Last Price	65%				

Source: JB Capital estimates

In this note, we:

- **Show that Cuatroochenta's current share price represents an attractive entry point** (page 5). Our DCF valuation yields a target price of €18.0/shr, indicating a potential upside of 65%, which includes a 20% liquidity discount. Additionally, we compare Cuatroochenta's trading multiples with its main peers (page 6).

- **Explain our financial estimates** (page 8) and discuss how Cuatroochenta is well-positioned to capitalise on the fastest-growing areas of the ongoing digital transformation. We also explore the company's scalability and its significant potential for margin expansion through operating leverage and cost-control measures. Furthermore, we examine its FCF profile and leverage, which could lead to flexibility regarding potential inorganic growth opportunities.

- **Provide an overview of Cuatroochenta** (page 13) and detail its business model, highlighting its transformation from an app development company to a comprehensive technology solutions developer. We also discuss its four primary business lines, through which the company offers cloud-based digital solutions and cybersecurity licenses to B2B clients.

- **Analyse the global IT and cybersecurity markets** (page 24). We analyse global IT spending, focusing on cloud solutions, which are expected to see c. 20% CAGR in 2023-25, driven by digital transformation across industries. In addition, given Cuatroochenta's exposure to LatAm's cybersecurity market—c. 40% of its revenues—we take a closer look at key regions for the company, such as Colombia and Panama.

Main financials

What does Cuatroochenta do? Cuatroochenta operates a B2B business model, specialising in scalable, cloud-based SaaS solutions and cybersecurity services, primarily targeting SMEs in Spain (60% of revenues) and LatAm (40%). The company delivers medium-sized projects across a wide variety of sectors. Its main clients include Tendam (retail), Salto Systems (industrial), Renfe (transportation), Serveo (facility services), Vodafone (telecommunications), Mahou (beverages) and Copa Airlines. Its cloud-based solutions (c.60% of revenues) are primarily proprietary and designed for the corporate environment, offering software for facility management, facility services and ERP/CRM solutions through a subscription-based model.

Additionally, its cybersecurity division (c.40% of revenues) provides services as a Managed Security Services Provider (MSSP), including the sale of licenses from global vendors such as CrowdStrike and Darktrace, as well as proprietary analysis, detection, and response services through its three Security Operations Centers (SOCs).

Cuatroochenta's revenue mix

€m	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Cybersecurity	3	6	8	11	14	17	22	26
Independent Software Vendors	4	5	5	5	6	6	6	7
Value-added resellers	4	5	6	7	7	8	9	10
Value-added services	3	3	3	3	3	3	3	3
Other revenue	0	0	1	1	1	1	1	1
Total revenues	14	19	23	27	31	35	41	47
% of total								
Cybersecurity	*19%*	*30%*	*37%*	*42%*	*45%*	*49%*	*52%*	*55%*
Independent Software Vendors	*30%*	*24%*	*21%*	*19%*	*18%*	*17%*	*16%*	*15%*
Value-added resellers	*28%*	*28%*	*26%*	*25%*	*25%*	*24%*	*23%*	*22%*
Value-added services	*22%*	*16%*	*14%*	*12%*	*10%*	*9%*	*8%*	*7%*
Other revenue	*1%*	*2%*	*2%*	*2%*	*2%*	*1%*	*1%*	*1%*
YoY growth								
Cybersecurity		*113%*	*46%*	*32%*	*25%*	*25%*	*25%*	*20%*
Independent Software Vendors		*6%*	*5%*	*9%*	*8%*	*8%*	*8%*	*7%*
Value-added resellers		*35%*	*11%*	*12%*	*12%*	*12%*	*12%*	*10%*
Value-added services		*2%*	*-2%*	*0%*	*2%*	*2%*	*2%*	*2%*
Other revenue		*nm*	*50%*	*-12%*	*0%*	*0%*	*0%*	*0%*
Total revenues		36%	19%	16%	15%	16%	17%	14%

Source: Company data and JB Capital estimates

Recurring and scalable business model: Cuatroochenta's strategy involves subscription licensing of its proprietary technology solutions and reselling third-party cybersecurity licenses. Additionally, it develops cloud software solutions tailored to client needs. The company's strategy focuses on consolidating its business model based on recurring revenues and scalable solutions, emphasising the SaaS (Software as a Service) model. As of FY23, recurring revenues amounted to €12.9m, representing 67% of the company's total revenue (65% in FY22). This growth was driven mainly by the Cybersecurity division, which maintains a highly recurring revenue base (c. 89% of its revenues are supported by long-term contracts). Finally, we see ARR growth of 18% as of September 2024 as supportive of a sustainable double-digit growth profile.

Double-digit organic revenue growth: We expect all of Cuatroochenta's business lines to expand, driven by rising demand for cloud services, cybersecurity and digital transformation solutions, which the company can leverage through its scalable SaaS model. Specifically, we project a CAGR of 15% for revenues in 2024-28. At the EBITDA level, we foresee a 24% CAGR during the same period, driven by operating leverage. We estimate such acceleration to result in a 3.3pp increase in profitability over the period to a 13.4% EBITDA margin in 2028.

Cuatroochenta's P&L

€m	2023	2024e	2025e	2026e	2027e	2028e	*24e/28e CAGR*
Total Revenues	**23.0**	**26.5**	**30.5**	**35.4**	**41.2**	**47.0**	***15.4%***
COGS	-7.4	-9.4	-11.3	-13.8	-16.8	-19.8	*20.6%*
Personnel expenses	-11.1	-12.1	-13.4	-14.9	-16.5	-18.0	*10.3%*
Other operating expenses	-2.4	-2.3	-2.4	-2.5	-2.7	-2.9	*5.7%*
EBITDA	**2.1**	**2.7**	**3.4**	**4.2**	**5.2**	**6.3**	***23.8%***
EBITDA Margin (%)	9.0%	10.1%	11.0%	11.9%	12.6%	13.4%	*nm*
D&A & Others	-1.6	-1.7	-1.5	-1.4	-1.4	-1.3	*-6.0%*
EBIT	**0.4**	**1.0**	**1.8**	**2.8**	**3.8**	**5.0**	***50.7%***
EBIT Margin (%)	1.9%	3.6%	6.0%	7.8%	9.2%	10.6%	*nm*
Financial result	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6	*-3.6%*
Associates	0.4	0.5	0.5	0.6	0.6	0.7	*10.0%*
Tax expense	-0.1	-0.1	-0.3	-0.5	-0.8	-1.1	*nm*
Net income	**0.2**	**0.7**	**1.4**	**2.2**	**3.0**	**4.0**	***55.5%***

Source: Company data and JB Capital estimates

Cuatroochenta's cash flow statement

€m	2023	2024e	2025e	2026e	2027e	2028e	*24e/28e CAGR*
EBITDA	**2.1**	**2.7**	**3.4**	**4.2**	**5.2**	**6.3**	***23.8%***
Taxes Paid	-0.3	-0.1	-0.3	-0.5	-0.8	-1.1	*nm*
Interest Paid/Received	0.0	-0.7	-0.6	-0.6	-0.6	-0.6	*-3.6%*
WC Change	0.1	0.2	-0.6	-0.7	-0.8	-0.8	*nm*
Capex	-1.3	-0.8	-0.9	-1.1	-1.1	-1.2	*9.0%*
Acquisitions and other	0.1	0.0	0.0	0.0	0.0	0.0	*nm*
FCF	**0.7**	**1.3**	**1.0**	**1.3**	**1.8**	**2.7**	***19.8%***
Net Debt Issuance/(Repayment)	-1.5	0.0	0.0	0.0	0.0	0.0	*nm*
Net increase/decrease in cash	**-0.9**	**1.3**	**1.0**	**1.3**	**1.8**	**2.7**	***19.8%***

Source: Company data and JB Capital estimates

FCF to see 20% CAGR in 2024-28e, lowering leverage to healthy levels: The company is actively reducing its leverage, having successfully lowered ND/EBITDA from 5.7x in 2022 to 3.7x in 2023. The cash generation estimated from 2024 should enable ND/EBITDA levels to drop to 1.6x in 2025 and reach 1.0x by 2026. Excluding the convertible debt, we project the ND/EBITDA ratio will decline to 0.6x and 0.2x in 2025 and 2026, respectively. This improvement should enable Cuatroochenta to pursue inorganic growth opportunities.

Cuatroochenta's net debt and leverage evolution

€m	2023	2024e	2025e	2026e	2027e	2028e
Net Debt	**7.7**	**6.4**	**5.5**	**4.1**	**2.3**	**-0.4**
Net Debt - ex Convertibles	4.3	3.0	2.0	0.7	-1.1	-3.8
Interest Cost	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6
Average Cost of Gross Debt	6%	6%	6%	6%	6%	6%
ND/EBITDA	**3.7x**	**2.4x**	**1.6x**	**1.0x**	**0.4x**	**-0.1x**
ND/EBITDA - ex Convertibles	2.1x	1.1x	0.6x	0.2x	-0.2x	-0.6x
EBITDA/Financial expenses	3.6x	3.9x	5.7x	7.1x	8.7x	10.6x

Source: Company and JB Capital estimates

Equity stakes in Pavabits/Matrix provide an optionality: Cuatroochenta holds a 50% equity stake in Matrix Development through its investment in Pavabits, which is consolidated using the equity method. Matrix specializes in commercializing a proprietary cloud-based software for document management for SMEs. As of 9M24, Matrix reported revenues of €2.5m (+8% YoY) and EBITDA of €1m (40% EBITDA margin), with a net debt of €1.4m as of June 2024. In our valuation we reflect this stake at the 2023 book value of €2.0m plus the expected contribution in 2024 through associates (€0.5m; +10% YoY), as we adopt a conservative approach. However, considering its growth potential and high EBITDA margin, we believe it offers an additional upside yet to be captured in our valuation. For more details on Matrix, please refer to page 20.

3Q24 results confirm growth and margin improvement story: Cuatroochenta delivered a strong set of 3Q24 results, with revenue of €6.9m (+22% YoY) and EBITDA of €0.9m (13.6% EBITDA margin), and a +290bps YoY improvement in profitability. Thus, we see the company on track to deliver on our FY24 estimates with revenues of €27m (+16% YoY) and EBITDA of €2.7m (10% EBITDA margin; +100bps vs 2023).

Key catalysts and risks: Key catalysts include i) results delivery, confirming the company's top-line growth and margin improvement potential; and ii) potential M&A activity, mainly focused on high-margin SaaS businesses and proprietary cybersecurity solutions. On the other hand, we see the following risks to our positive stance: i) dependency on third-party vendors in the cybersecurity business and aggressive competition from other market participants, which could add pressure on prices; ii) exposure to emerging markets (LatAm); and iii) price commoditisation, as the technology sector is deflationary by nature.

Valuation – Growth profile not yet priced in

We initiate coverage of Cuatroochenta with a Buy rating and €18.0/shr target price (65% upside). We value the company using a discounted cash flow (DCF) methodology, as we believe it is the most appropriate valuation technique to capture its expected top-line growth and profitability expansion.

Our DCF model includes explicit free cash flow forecasts up to 2031. We use a discount rate (WACC) of 9.0% for the explicit period. For the terminal value we assume an EBIT margin of 13.6%, WACC of 9.0% and a long-term growth rate of 2%. We reach an enterprise value (EV) of €66m, from which we subtract 2024e Net Debt of €3.4m (excluding convertibles). We also add the 50% equity stake in Pavabits/Matrix (€2.5m) and other financial assets (€0.5m). We consider the current number of shares of 2.7m and adjust this to reflect the dilution arising from convertibles (0.2m). Additionally, we adjust a 20% standard liquidity discount, given Cuatroochenta's reduced size and trading volume (€8k/day over the past 6 months). **We reach an Equity Value of €65m for a YE25 target price of €18.0/shr (65% upside).**

Cuatroochenta DCF valuation

DCF Analysis	2025e	2026e	2027e	2028e	2029e	2030e	2031e	T. Value
FCFF	**1.4**	**1.8**	**2.3**	**3.1**	**4.0**	**4.9**	**5.8**	**5.7**
Discount factor	1.0	1.1	1.2	1.3	1.4	1.5	1.7	1.7
PV FCFF	**1.4**	**1.6**	**1.9**	**2.4**	**2.8**	**3.2**	**3.4**	**49.2**
EV (25e-31e)	16.8	25%						
EV - Terminal value	49.2	75%						
Total EV	**65.9**							
(-) Net debt 24e (ex-convertibles)	3.4							
(+) 50% stake in Pavabits/Matrix	2.5	2024e book value						
(+) Other Financial Assets	0.5	Book value						
Total Equity	**65.4**							
Current Nº of shares (m shares)	2.7							
Convertible shares (m shares)	0.2	€3.2m at €18/shr						
Fair value (€/shr)	**22.5**							
(-) Liquidity disc (20%) €/Shr	4.5							
Target Price (€/shr)	**18.0**							

DCF Assumptions: 9.0% WACC for both the explicit period and the terminal value and 2% LT Growth rate "g"
Source: JB Capital estimates

Cuatroochenta implicit valuation multiples at a target price of €18/shr

DCF Valuation Implicit Multiples	2025e	2026e	2027e	2028e
EV/Sales	2.2x	1.9x	1.6x	1.4x
EV/EBITDA	19.6x	15.7x	12.7x	10.5x
P/E	36.4x	23.7x	17.3x	13.2x
FCF yield	3%	3%	4%	6%

Source: JB Capital estimates

Sensitivity to WACC and terminal growth rates: We value Cuatroochenta's business with a 9.0% long-term discount rate (WACC) and a 2% long-term growth rate. The following table shows our sensitivity analysis of different valuation assumptions for the WACC and long-term growth "g" used to calculate our Terminal Value.

Sensitivity of our TP to changes in WACC and terminal growth rates

		Changes to Terminal Growth Rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC Changes	+1pp	14.9	15.6	16.3	17.2	18.1
	+0.5pp	15.5	16.3	17.1	18.1	19.2
	0pp	16.2	17.0	18.0	19.1	20.4
	-0.5pp	17.0	17.9	19.0	20.3	21.8
	-1pp	17.9	18.9	20.2	21.7	23.5

Source: JB Capital estimates

Peer group

Cuatroochenta is a Spanish technology company specialising in the development of cloud-based digital solutions with exposure to the cybersecurity sector; thus, we categorise the company's peers into three groups: **global large cybersecurity companies**, **application software and IT services** (mainly focused on IT, consulting services and cybersecurity), and **Spanish peers, listed on BME Growth**. The following table illustrates the relevant players and their respective segments where Cuatroochenta operates.

Cuatroochenta comparable multiples

	Last Price	FX	Mkt Cap	P/E (x)			EV/Sales			EV/EBITDA		
	LC		€m	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Crowdstrike	373.5	USD	88,268	126.3	99.2	84.9	29.0	22.5	18.6	117.5	91.5	73.3
Cloudflare	123.4	USD	40,766	165.2	142.6	113.5	25.4	20.1	16.0	122.4	99.1	75.1
Avg. Large cybersecurity peers				145.7	120.9	99.2	27.2	21.3	17.3	120.0	95.3	74.2
SAP	262.8	EUR	322,789	58.5	42.1	35.2	9.5	8.5	7.6	34.7	27.6	24.0
Salesforce	332.7	USD	305,420	40.6	33.1	29.6	9.1	8.4	7.7	22.7	21.2	19.3
Intuit	599.4	USD	160,963	35.6	31.1	27.1	10.6	9.4	8.3	25.4	23.5	20.7
Sage Group	1,336.5	GBp	15,849	37.0	31.3	27.5	6.0	5.6	5.1	24.1	21.5	19.3
EPAM	243.7	USD	13,263	22.6	21.7	19.3	2.5	2.3	2.1	14.8	13.8	12.3
Globant	207.7	USD	8,626	32.4	28.8	24.5	3.8	3.3	2.9	18.8	17.0	14.5
Reply	153.7	EUR	5,750	25.7	23.0	21.0	2.4	2.2	2.0	14.2	12.9	11.9
Sopra Steria	169.0	EUR	3,473	9.6	8.9	8.2	0.9	0.9	0.8	7.2	6.9	6.7
Endava	31.9	USD	1,805	22.6	22.5	16.0	2.1	2.1	1.9	14.8	15.2	11.9
Nagarro	81.6	EUR	1,123	19.0	15.1	12.9	1.4	1.2	1.1	10.1	8.7	7.8
Avg. App Software & IT services				30.4	25.8	22.1	4.8	4.4	3.9	18.7	16.8	14.8
Izertis (JB Capital est.)	9.6	EUR	269	46.2	25.9	17.2	2.3	1.7	1.4	15.2	11.6	9.1
Agile Content (JB Capital est.)	2.9	EUR	67	153.9	30.0	12.1	0.8	0.7	0.6	6.2	5.0	3.7
Facephi (JB Capital est.)	2.2	EUR	49	nm	nm	46.8	2.1	1.7	1.4	nm	15.3	8.1
Avg. Spanish IT (BME Growth)				100.1	27.9	25.3	1.7	1.4	1.1	10.7	10.6	7.0
Cuatroochenta (JB Capital est.)	10.9	EUR	30	43.9	20.7	13.5	1.4	1.2	1.0	13.5	10.5	8.1
Total peer average				92.0	58.2	48.9	11.3	9.0	7.5	49.8	40.9	32.0

Source: Bloomberg as of 23/01/2025 and JB Capital estimates

At 10.5x 2025e EV/EBITDA, Cuatroochenta trades at a significant discount to peers focused on application software and IT services (16.5x EV/EBITDA for 2025e). Please refer to page 31 for an overview of the selected peers.

Cuatroochenta peers figures

	Last Price	Mkt Cap	EBIT Margin (%)			Sales Growth (%)			Sales CAGR
	LC	€m	2024e	2025e	2026e	2024e	2025e	2026e	2024-26e
Crowdstrike	373.5	88,268	20.8%	20.6%	21.5%	36.3%	28.6%	21.2%	25%
Cloudflare	123.4	40,766	13.3%	13.9%	15.0%	28.1%	25.9%	26.1%	26%
Avg. Large cybersecurity peers			**17.0%**	**17.3%**	**18.2%**	**32.2%**	**27.3%**	**23.7%**	**25%**
SAP	262.8	322,789	23.6%	27.0%	28.2%	8.7%	11.6%	12.0%	12%
Salesforce	332.7	305,420	30.5%	32.9%	33.9%	11.2%	8.9%	9.1%	9%
Intuit	599.4	160,963	39.4%	39.9%	40.6%	13.3%	12.3%	12.3%	13%
Sage Group	1,336.5	15,849	21.5%	22.9%	23.4%	6.8%	9.0%	9.4%	9%
EPAM	243.7	13,263	16.4%	15.1%	15.4%	0.0%	11.1%	9.9%	11%
Globant	207.7	8,626	15.3%	15.5%	15.6%	15.4%	13.3%	16.4%	15%
Reply	153.7	5,750	13.9%	13.9%	14.0%	8.2%	10.8%	8.8%	10%
Sopra Steria	169.0	3,473	8.5%	8.8%	9.0%	0.0%	1.6%	3.3%	2%
Endava	31.9	1,805	9.2%	10.0%	12.5%	-6.8%	8.7%	10.0%	9%
Nagarro	81.6	1,123	10.3%	11.1%	11.3%	5.3%	9.6%	10.7%	10%
Avg. App Software & IT services				**18.9%**	**19.7%**	**20.4%**	**6.2%**	**9.7%**	**10%**
Izertis (JB Capital est.)	9.6	269	8.2%	9.5%	10.3%	15.4%	31.7%	26.3%	29%
Agile Content (JB Capital est.)	2.9	67	4.7%	6.9%	9.6%	1.9%	5.6%	9.2%	7%
Facephi (JB Capital est.)	2.2	49	-22.1%	-2.9%	4.8%	10.0%	30.0%	20.0%	25%
Avg. BME Growth			**-3.1%**	**4.5%**	**8.2%**	**9.1%**	**22.4%**	**18.5%**	**20%**
Cuatroochenta (JB Capital est.)	10.9	30	3.6%	6.0%	7.8%	15.4%	15.1%	15.8%	15%
Total peer average			**10.9%**	**13.8%**	**15.6%**	**15.8%**	**19.8%**	**17.5%**	**19%**

Source: Bloomberg as of 23/01/2025 and JB Capital estimates

Financial estimates

Double-digit revenue growth (15% CAGR in 2024-28e) to be driven by Cuatroochenta's positioning in the fastest growth segments of digital transformation…

Our estimates imply double-digit organic growth in revenues to €47m by the end of 2028 (15% CAGR during 2024-28), building on the back of the M&A-led growth of recent years; sector-wide drivers such as increasing demand for cloud services, cybersecurity and digital transformation solutions across industries; combined with the company's scalable SaaS model that supports recurring revenue growth. Although we foresee all of Cuatroochenta's business lines (four to be reported) to expand during 2024-28, we expect Cybersecurity to drive growth in the coming years. Specifically, we assume the following:

- **Cybersecurity as a key growth driver (25% revenue CAGR in 2024-28e):** This segment delivered a 46% organic revenue growth in 2023, with strong momentum continuing into 1H24 (+47% YoY) mainly in Panama, Colombia and Spain. This strong performance positions the cybersecurity segment as the company's main revenue contributor from 2024, when we expect it to reach c. 43% of the revenue mix.

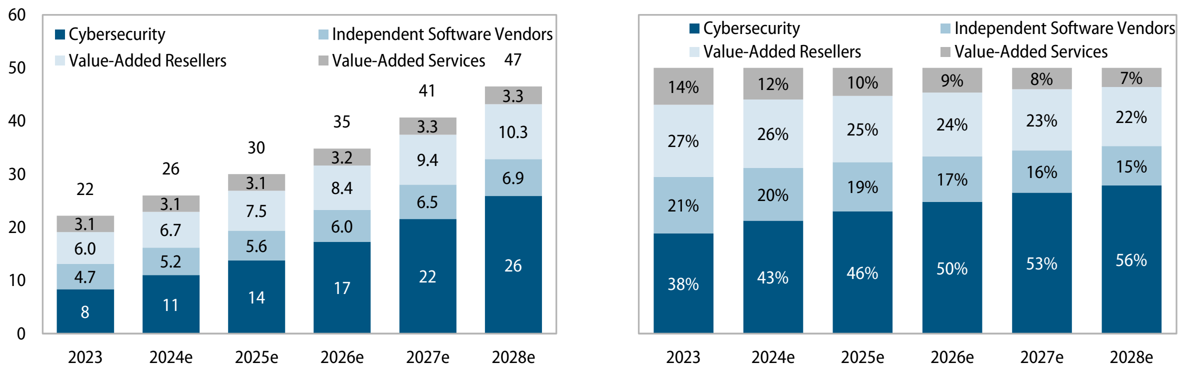
  Rising cyber threats, accelerated digitalisation and growing global awareness of digital security should continue to drive demand. LatAm will remain Cuatroochenta's core market for its cybersecurity business, benefiting from underpenetrated digital transformation. However, we expect geographic expansion, particularly in Spain, to drive additional organic growth. Overall, we foresee cybersecurity to be Cuatroochenta's main growth engine, with 25% CAGR for revenues in 2024-28, outpacing the global market. This outperformance should be driven by the company's end-to-end solutions and strong positioning in LatAm, which offers above-average growth potential compared with mature markets.

- **Independent software vendors (8% revenue CAGR in 2024-28e):** This comprises Cuatroochenta's proprietary cloud-based software, including FAMA, CheckingPlan and Escena Online, which operate under a SaaS model and generate recurring revenue through subscriptions (c. 65% of revenues of this segment are recurrent). We expect this segment to deliver a revenue CAGR of c. 8% over 2024-28, in line with historical performance and supported by growing demand for digital transformation solutions across industries. Furthermore, platforms benefit from cross-selling opportunities within Cuatroochenta's existing client base and geographic expansion potential, as they are currently commercialised exclusively in Spain.

- **Value-added resellers (11% revenue CAGR in 2024-28e):** We expect 11% revenue CAGR for this segment over 2024-28, driven by growing demand for ERP and CRM solutions among SMEs in Spain, as the company leverages its partnerships with Microsoft (Dynamics 365 Business Central) and Zoho (focused on SMEs). While the business is currently concentrated in Spain, there is potential for geographic expansion into LatAm, particularly in markets where Cuatroochenta has an existing client base through its cybersecurity services.

- **Value-added services, strategic role but limited growth (2% revenue CAGR in 2024-28e).** This segment (driven by custom software development) plays a strategic role in fostering innovation and developing new technologies, but we expect revenues to remain relatively flat at c. €3m/year, in line with the current capacity of the dedicated team of c. 40 software developers—as we believe the company will prioritize investments and focus its efforts on growing its more scalable businesses with a higher recurring revenue component.

Cuatroochenta's revenue growth by division (left) and revenue mix as a percentage of total (right)



Source: Company data and JB Capital estimates

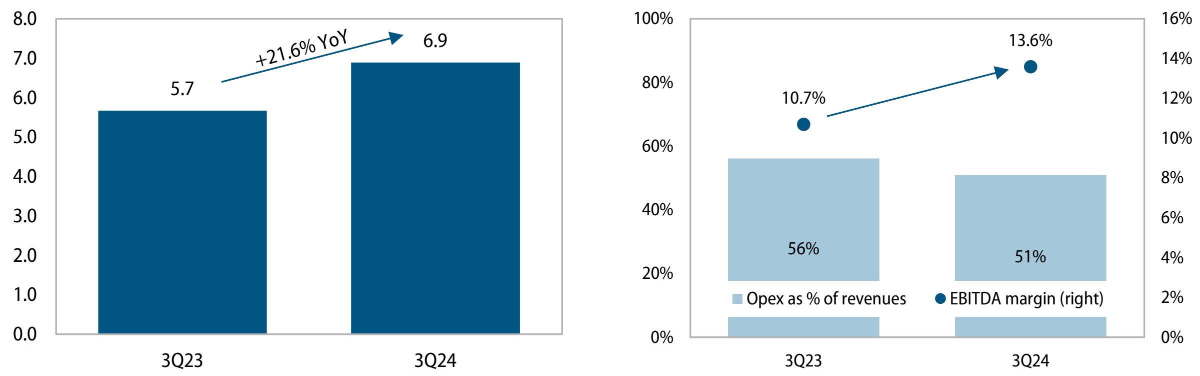
In short, we expect Cuatroochenta to achieve double-digit revenue growth (15% CAGR in 2024-28), driven primarily by its Cybersecurity and Value-Added Reseller (ERP and CRM solutions) segments, which we expect to outpace the broader market. Cybersecurity will remain the company's main revenue contributor, benefiting from increased demand for security services across LatAm and Spain. In addition, we see ARR growth of 18% as of September 2024 as supportive of a sustainable double-digit growth profile. Furthermore, the change in the revenue mix—with reduced reliance on the staff-intensive custom software development segment—should improve Cuatroochenta's scalability, supporting margin expansion in the long term.

… With significant upside in margins as it gains scale, driving a 24% EBITDA CAGR in 2024-28e

Cuatroochenta's business model is built around recurring and scalable revenue streams, primarily though the subscription licensing of its technology solutions (medium-sized projects across a wide range of sectors). This enables the company to decouple revenue growth from its headcount structure. Regarding margins, we believe this model offers a significant operating leverage, enabling the company to expand margins over the long term. Specifically, we believe Cuatroochenta's EBITDA margins could exceed 15% once management determines the right timing to pull that lever (vs 9% margin in 2023).

Recent 3Q24 results highlight margin upside (290bps YoY improvement). Cuatroochenta's 3Q24 results already showcase significant EBITDA margin improvement, with a 290bps YoY increase to 13.6%, driven by double-digit top-line growth (+21.6% YoY) and efficiencies related to personnel and other operating expenses. Opex (personnel expenses + other operating expenses) declined to c. 51% of revenue in 3Q24, from 56% in 3Q23, mainly due to cost control for personnel expenses, which remained broadly flat at €3m/quarter. This demonstrates the company's ability to scale operations without proportional increases in costs.

Cuatroochenta's 3Q24 revenue in €m (left) and margin improvement (right)

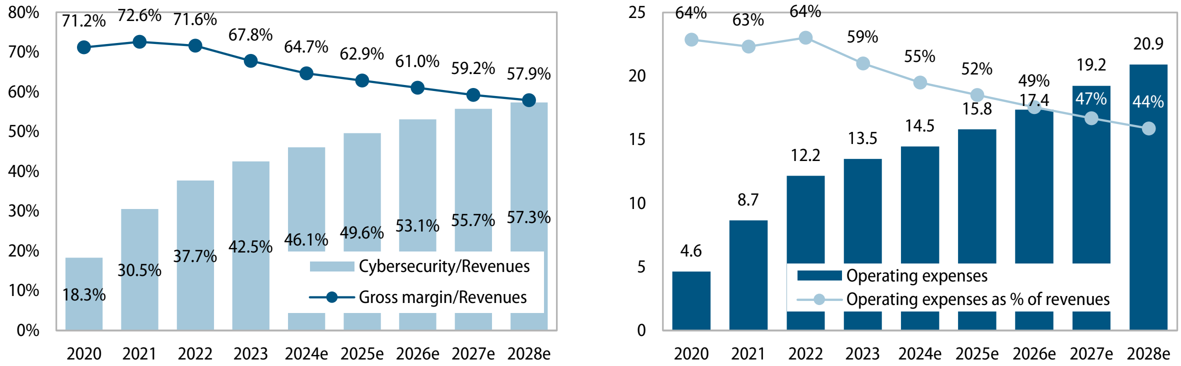


Source: Company data and JB Capital estimates

Higher cybersecurity revenues mean lower gross margin in the long term… Cuatroochenta's gross margin trend reflects the shift in the business mix towards the Cybersecurity segment, which operates at lower gross margins due to its reliance on third-party software (e.g., CrowdStrike, Darktrace…). We estimate cybersecurity gross margin in the low 40% range (vs c. 90% gross margin of its own software and c. 70% for ERP and CRM solutions). This shift has led to a structural decline in gross margin, from 71% in 2020 to 67.8% in 2023, and we expect this trend to continue as cybersecurity gains further weight in the revenue mix. As a result, we forecast gross margins to gradually decline over the forecast period, stabilising in the high-50% range by 2028, when we expect the Cybersecurity business to account for c. 57% of total revenues.

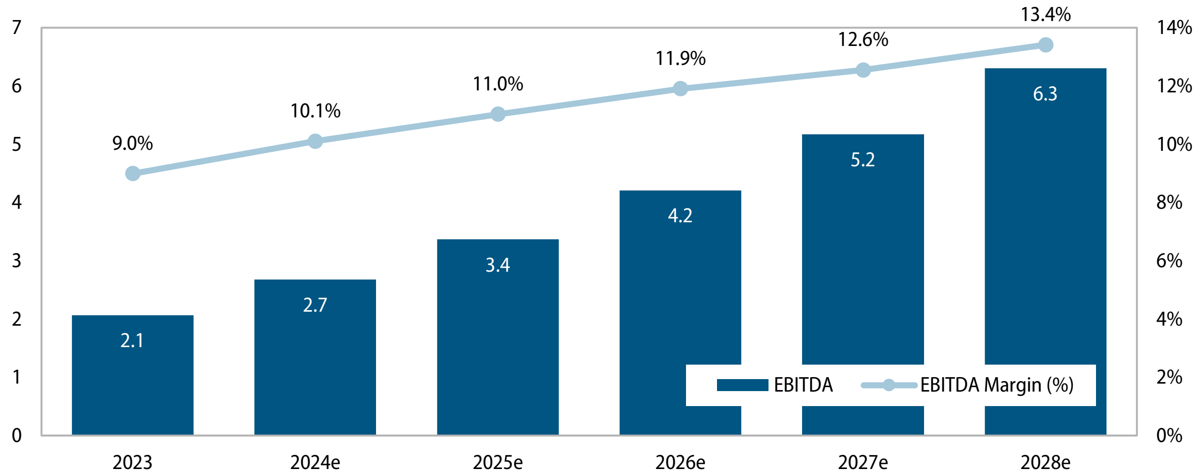
… but operating leverage and cost efficiencies offer significant upside in EBITDA margins. Despite the gross margin pressure, we believe Cuatroochenta is well-positioned to expand EBITDA margins through operating leverage and cost-control measures. In this regard, the key driver of profitability is the company's ability to scale recurring revenue streams without a proportional increase in the operating structure, as fixed costs are absorbed over a higher revenue base. Specifically, we estimate Opex as a percentage of revenues to decline from 59% in 2023 to 44% by 2028, with personnel expenses and other operating expenses seeing 10% and 6% CAGRs for 2024-28, respectively. This is consistent with industry levels, currently running at an average of c. 30% OPEX/sales ratios, thus still offering room for improvement in the long term, in our view.

Cuatroochenta's gross margin (left) and opex in €m and as % of revenue (right)



Source: Company data and JB Capital estimates

EBITDA margin has significant runaway



Source: JB Capital estimates

We expect 15% CAGR for Cuatroochenta's organic revenues from 2024 to 2028. This revenue growth should drive a 24.5% CAGR in EBITDA, leading to a 3.3pp increase in profitability over the period. By 2028 we project an EBITDA margin of 13.4%. This is still below the 15%-20% margin we believe is achievable in the long term, as Cuatroochenta is still in a growth phase and we expect it to continue investing in its structure.

We expect Net Income to improve significantly (reaching €4m by 2028)…

We estimate D&A to remain relatively stable (c. €1.5m/year) as we do not foresee significant investments beyond capitalised R&D expenses. Below the EBIT line we expect financial expenses of c. €0.6m/year, assuming an average cost of debt of c. 6%. We also anticipate contributions from associates (50% equity stake in Pavabits/Matrix) to grow c. 10% YoY (broadly in line with revenue growth at the associate level). Given these factors (stable D&A and financial expenses and growing contributions from associates), we underline Cuatroochenta's ability to convert EBITDA growth into Net Profit growth. Specifically, we expect Net Profit to reach c. €1m by 2024 (vs breakeven in 2023) and increase to €4m by 2028.

From EBITDA to Net Income (2020-28e)

€m	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Reported EBITDA	0.4	0.8	0.5	1.4	1.9	2.5	3.2	4.1	5.3
EBITDA Margin (%)	*7.2%*	*10.0%*	*7.1%*	*9.0%*	*10.1%*	*11.0%*	*11.9%*	*12.6%*	*13.4%*
D&A and provisions	-0.6	-1.4	-1.8	-1.6	-1.7	-1.5	-1.4	-1.4	-1.3
EBIT	-0.2	-0.5	-1.3	-0.2	0.2	1.0	1.8	2.8	3.9
EBIT margin	*-1.6%*	*0.2%*	*-2.4%*	*1.9%*	*3.6%*	*6.0%*	*7.8%*	*9.2%*	*10.6%*
Share of equity	0.0	0.0	0.2	0.4	0.5	0.5	0.6	0.6	0.7
Financial result	-0.4	-0.1	-0.4	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6
Tax expense	0.1	-0.1	0.0	-0.1	-0.1	-0.3	-0.5	-0.8	-1.1
Net Income	-0.5	-0.2	-0.6	0.2	0.7	1.4	2.2	3.0	4.0

Source: Company data and JB Capital estimates

… and unlock an attractive FCF profile (despite high growth rates)

Despite its size and current growth phase, Cuatroochenta is already generating positive FCF (a key differentiator compared with similar-sized companies at such a point in the lifecycle). This confirms the capital-light nature of its business model, particularly given its focus on subscription-based SaaS and cybersecurity solutions. Our key assumptions on the cash flow front are as follows:

- **Asset-light business model:** We expect maintenance Capex at c. €1m per annum (3% Capex/Sales), of which 90% will be used to develop new products and technologies (R&D capitalized expenses).
- **Improving working capital consumption:** In recent years, the shift in revenue mix—particularly the rising share of the cybersecurity segment, which operates with shorter collection periods—has enabled the company to reduce its working capital needs from 34% of sales in 2020 to 21% in 2023. We expect this trend to continue as the cybersecurity segment becomes a larger part of the revenue mix, lowering the working capital-to-sales ratio to 16% by 2028. Thus, the impact of working capital consumption on FCF should remain at about €1m per year.
- **Cash taxes and interest expenses** linked to expected taxes and interest from our P&L forecast.

All these factors should enable Cuatroochenta to improve its FCF conversion rate from c. 30% in 2023 to c. 40% in 2028, with a 20% CAGR for FCF in 2024-28, thereby reaching c. €3m FCF by 2028e (9.3% FCF yield), compared with €0.7m in 2023.

Free cash flow

€m	2023	2024e	2025e	2026e	2027e	2028e
EBITDA	**2.1**	**2.7**	**3.4**	**4.2**	**5.2**	**6.3**
Taxes Paid	-0.3	-0.1	-0.3	-0.5	-0.8	-1.1
Interest Paid/Received	0.0	-0.7	-0.6	-0.6	-0.6	-0.6
WC Change	0.1	0.2	-0.6	-0.7	-0.8	-0.8
Capex	-1.3	-0.8	-0.9	-1.1	-1.1	-1.2
Acquisitions and others	0.1	0.0	0.0	0.0	0.0	0.0
FCF	**0.7**	**1.3**	**1.0**	**1.3**	**1.8**	**2.7**
Net Debt Issuance/(Repayment)	-1.5	0.0	0.0	0.0	0.0	0.0
Net increase/decrease in cash	**-0.9**	**1.3**	**1.0**	**1.3**	**1.8**	**2.7**

Source: Company data and JB Capital estimates

Deleveraging quickly; leverage ratio could be back to 1x by end-2026

Regarding net debt evolution, we believe Cuatroochenta is at an inflexion point as it should significantly reduce its leverage on the back of increased EBITDA and higher FCF generation. Specifically, 2024e cash generation should enable ND/EBITDA levels to reduce to 1.6x in 2025 and 1x by 2026 (0.6x and 0.2x in 2025 and 2026, respectively, excluding convertible instruments).

Finally, we do not expect a liquidity shortage as we foresee Cuatroochenta's cash position to reach c. €3m at the end of 2024 (vs €2.3m as of June 2024), thereby covering c. 100% of the convertible maturities in 2027 (none of the convertible instruments are currently in the money). For further details on the convertible instruments, please refer to the capital structure analysis on page 21.

Net debt and leverage

€m	2023	2024e	2025e	2026e	2027e	2028e
Net Debt	7.7	6.4	5.5	4.1	2.3	-0.4
Net Debt - ex Convertibles	4.3	3.0	2.0	0.7	-1.1	-3.8
Interest Cost	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6
Average Cost of Gross Debt	6%	6%	6%	6%	6%	6%
ND/EBITDA	3.7x	2.4x	1.6x	1.0x	0.4x	-0.1x
ND/EBITDA - ex Convertibles	2.1x	1.1x	0.6x	0.2x	-0.2x	-0.6x
EBITDA/Financial expenses	3.6x	3.9x	5.7x	7.1x	8.7x	10.6x

Source: Company data and JB Capital estimates

This healthier level of leverage coupled with growing FCF generation should provide Cuatroochenta with operational flexibility to pursue inorganic growth opportunities that can boost recurring revenues, expand its geographic footprint and strengthen its value proposition through complementary software solutions. Such a strategic move could boost the stock, particularly if focused on high-margin SaaS businesses or proprietary cybersecurity solutions, in our view.

Main risks to our current scenario

We identify the following risks that could impact our positive stance:

- **Dependency on third-party cybersecurity software:** Cuatroochenta's cybersecurity business—the company's growth engine—depends on solutions from third-party providers (c.75% of Sofistic's revenues) such as CrowdStrike and Darktrace. Changes in the vendor terms could increase costs and reduce profitability.

- **Price commoditisation and competition:** The technology sector is inherently deflationary, as intense competition leads to price commoditisation. Such a scenario could impact Cuatroochenta's pricing power in both its SaaS offerings and cybersecurity services, particularly as more competitors enter these markets, pressuring revenue growth and margins.

- **Slowdown in SaaS adoption among SMEs:** Although SaaS adoption is growing, a potential slowdown in demand from SMEs segment—Cuatroochenta's primary client base—due to economic uncertainty could reduce spending on digital transformation and affect topline growth.

- **Exposure to emerging markets:** Almost 40% of Cuatroochenta's activities occur in LatAm, primarily through its cybersecurity division Sofistic, which operates in countries like Colombia and Panama. While the region's flexible regulatory environment has supported business expansion, this dependence increases the company's exposure to macroeconomic and geopolitical risks associated with the area.

- **Currency fluctuations:** Cuatroochenta's significant exposure to LatAm makes it vulnerable to currency fluctuations, particularly against the USD. This scenario could lower revenues and profitability, as the company's operating expenses are primarily denominated in euros.

- **Security breaches:** As a provider of cybersecurity solutions, Cuatroochenta faces inherent risks of security breaches, similar to the CrowdStrike breach in 2024; affecting healthcare and airport systems worldwide, and causing CrowdStrike's share price to drop by 23% over the next two trading sessions (additional details explained on page 27). Any such incident could harm the company's reputation and increase costs for remediation.

Cuatroochenta: Company overview

Soluciones Cuatroochenta (Cuatroochenta; 480S SM) is a Spanish technology company specializing in developing and implementing digital solutions in the cloud, with a strong focus on digital transformation of processes in the corporate environment and cybersecurity. The company offers a comprehensive suite of software to improve the user experience, process optimization, security, cost reduction and efficiency in sectors such as facility management, facility services, banking and critical infrastructure, among others. Cuatroochenta is headquartered in Castellón de la Plana (Valencia region) with offices in Madrid, Barcelona, Valencia, Lugo, Burgos and Malaga. It has expanded its presence internationally with offices in Panama, Bogotá, Costa Rica, the Dominican Republic and Mexico. The company's shares were listed on the BME Growth (the BME Exchange market for SMEs) stock exchange in October 2020.

It offers a comprehensive suite of software solutions through its portfolio companies; these can be categorized into four segments: i) Cybersecurity (38% of FY23 revenues), providing advanced tools to protect critical infrastructures and financial entities through Sofistic; ii) Independent Software Vendors (21% of FY23 revenues), offering proprietary cloud-based software SaaS products such as FAMA, CheckingPlan and Escena Online; iii) Value-Added Resellers (27% of FY23 revenues), focusing on implementing Microsoft ERP and Zoho CRM solutions; and iv) Value-Added Services (14% of FY23 revenues), with 480Dev, which delivers customized software solutions, adapting to each client's specific needs to optimize their processes and operations.

With an optimized operating structure and recurring revenue focus: Cuatroochenta's structure is designed to optimize the performance of its portfolio companies. It offers centralized services in key areas such as Human Resources, Content and Media Relations, Administration and Finance, IT, Security and R&D. The company facilitates the integration of new entities and generation of operational synergies, thereby enhancing the efficiency and scalability of its operations.

The company's strategy focuses on consolidating its business model based on recurring revenues and scalable solutions, with particular emphasis on the SaaS model. This approach has enabled Cuatroochenta to achieve an ARR (Annual Recurring Revenue) of €15.1m in 2023, representing 67% of its revenues.

Well-positioned to capitalize on its growth potential through a combination of organic and inorganic strategies: The company's established presence in key markets (LatAm and Europe), combined with its scalable business model and focus on recurring revenues, provides a solid foundation for future expansion. Furthermore, its operating structure enables it to adapt quickly to the dynamics of the technology market. Its operating structure enables efficient integration of potential new acquisitions, while its portfolio of cloud-based and cybersecurity solutions aligns with the growing demand for digital transformation services across industries. This positioning enhances the company's ability to pursue growth opportunities.

From developing software to providing comprehensive tech solutions (scaling through M&A)

Cuatroochenta's management team combines the experience of financial professionals with experts in technology businesses, specializing in the creation and development of companies within the sector. This has enabled the company to implement a hybrid strategy of selective acquisitions and organic growth, in turn driving its expansion and market diversification.

Cuatroochenta started operations in **2011** as an app development company focused on custom projects for clients. It was founded by Mr Alfredo Cebrián and Mr Sergio Aguado. Over time, it has evolved into a brand that brings together a group of technology companies specialised in developing and implementing digital cloud and cybersecurity solutions to enhance the performance of organisations, with more than 20m active users in 32 countries.

The company began its M&A activity in **2019** to diversify its business. Cuatroochenta's acquisition of Asintec Gestión in April 2019 was a strategic move to strengthen its SaaS product portfolio, specifically boosting its Independent Software Vendors business line. The deal brought in CheckingPlan, a cloud-based software platform tailored to provide large facility services (e.g., cleaning, security, waste collection and asset management). In May 2019 the company closed the purchase of a 90% stake of Sofistic, specialised in cybersecurity, with a strong presence in LatAm.

Cuatroochenta continued with further inorganic growth **in 2020**. It acquired the software business 4TIC, specialised in electronic administration and blockchain; followed by Ekamat, a leading company specialised in enterprise resource planning (ERP) and implementation of Microsoft Dynamics 365; FAMA, a leading software developer for the facility management sector; and the Colombian company Sofistic SAS to strengthen its position in the LatAm cybersecurity market.

In February **2021**, the company and the Pavasal Group established the Pavabits joint venture, aimed to enhance the digitalisation of client-supplier relationships, combining Pavasal's expertise in the construction sector with Cuatroochenta's digital technology capabilities. In October 2021, Cuatroochenta acquired Develapps, a software company focused on custom app development and proprietary solutions, emphasising ERP/CRM integration, IoT and mobile commerce. Through its JV Pavabits (50% owned by Cuatroochenta and Grupo Pavasal), it acquired Matrix, a company specialised in document and invoice digitisation. In December **2022**, the company acquired Cloud Factory (which operates under the name of Conpas), specialised in the CRM software Zoho.

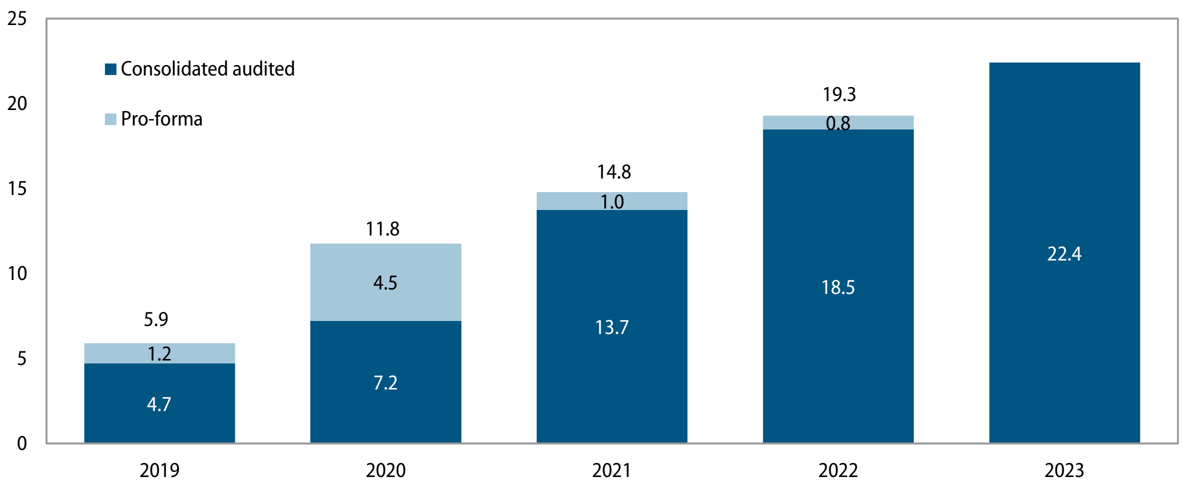
Cuatroochenta M&A activity

Company acquired	Date	% Stake	Price paid (€ m)	Business activity
CheckingPlan (Asintec Gestión)	April 2019	100%	3.3	Independent Software Vendors
Sofistic S.A.	May 2019	90%	0.5	Cybersecurity
4TIC Castellón S.L.	July 2020	100%	0.2	Value-Added Services
Ekamat	November 2020	100%	4.2	Value-Added Resellers
Sofistic Colombia	December 2020	100%	0.7	Cybersecurity
FAMA (Fama Systems)	March 2021	100%	4.7	Independent Software Vendors
Develapps	October 2021	100%	0.7	Value-Added Services
Matrix	February 2022	50%*	5.5	Independent Software Vendors
Conpas	December 2022	100%	2.0	Value-Added Resellers

**Note: Matrix was acquired by Pavabits (JV where Cuatroochenta owns 50% and Pavasal Group 50%)*
Source: Company data

These acquisitions have enabled Cuatroochenta to significantly increase its size and diversify its activities beyond software development… The acquisitions propelled Cuatroochenta's revenue growth from €2m in 2018 to €22.4m in 2023, resulting in a 64% CAGR over FY18-23. Additionally, these M&A-driven growth deals have helped the company to expand its offering beyond tailor-made projects, incorporating facility service and management software solutions (CheckingPlan and FAMA) while entering the cybersecurity business (Sofistic) and broader digital transformation solutions. This M&A-driven growth has enhanced the company's presence across the digital solutions value chain, boosting its revenue mix while diversifying its offerings and expanding its market presence.

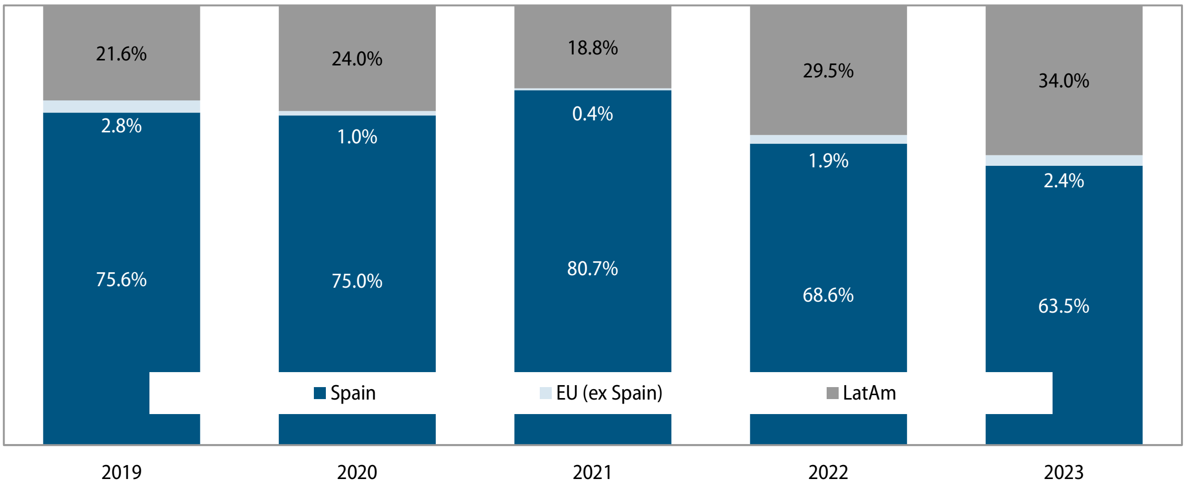
Cuatroochenta's pro-forma revenues (2019-23)



Note: Pro-forma revenues include contributions of companies acquired during 2019-22 as if they had been acquired on 1 January.
Source: Company data

… While expanding its geographical footprint in LatAm (boosted by Sofistic). Cuatroochenta is increasing its global presence mainly across Spain and LatAm. The company's exposure to Spain at the revenue level has gradually reduced from c. 76% in FY19 to 64% in FY23. At the same time, revenue from LatAm has surged (34% of FY23 revenues), driven primarily by the growth of Sofistic (cybersecurity services), which has a strong client base in countries such as Panama (18% of FY23 revenues), Colombia (10%), the Dominican Republic (2%), and Costa Rica (2%).

Consolidated revenue by geography



Source: Company data

Providing cloud-based digital solutions and cybersecurity to B2B companies…

Cuatroochenta's solutions include value-added software that address critical operational processes such as asset management, cybersecurity and infrastructure maintenance for key sectors like real estate, hospitals and airports. As these solutions are integral to clients' daily operations, the company boasts high customer retention and resilience during economic downturns, with clients continuing to rely on its software to ensure operational continuity.

Specifically, Cuatroochenta's revenue streams can be categorized into four different segments: 1) Cybersecurity through Sofistic (38% of FY23 revenues); 2) Independent Software Vendors -ISV- (21% of FY23 revenues), which includes software products such as FAMA, CheckingPlan and Escena Online; 3) Value-Added Reseller -VAR- (27% of FY23 revenues), which includes Ekamat and Conpas; and finally 4) Value-Added Services -VAS- (14% of FY23 revenues), which includes tailored software solutions provided by 480 Devs.

1) Cybersecurity software and services (38% of FY23 revenues): Sofistic is Cuatroochenta's primary growth driver (c. +40% YoY growth in FY23) and key source of recurring revenue (as c. 90% of its total revenues are supported by long-term contracts). The division focuses on delivering third-party cybersecurity licenses tailored for corporate clients with a cost-effective approach.

Specifically, Sofistic combines third-party cybersecurity solutions with customized service layers to strengthen corporate security and enhance resilience against cyberattacks, particularly in the financial, healthcare, critical infrastructure (airports, energy companies, etc.) and retail sectors. In this regard, the company has formed strategic alliances with major cybersecurity software providers, including CrowdStrike, Darktrace, Microsoft, Exabeam, Cloudflare and Netskope. Regarding its revenue streams, Sofistic generates 84% of its revenues from subscription license sales and 16% from proprietary services, with a highly recurring revenue model supported by long-term contracts. Geographically, Sofistic operates mainly in LatAm (Panama, Colombia, Dominican Republic and Costa Rica) while expanding its presence in Spain – where it currently holds a low market share, with ample room for expansion. Sofistic's main clients in Latin America include Copa Airlines, Global Bank and the El Dorado infrastructure.

Cuatroochenta has three Security Operations Centres (SOCs), one in Spain, one in Panama and the last one opened in 2024 in Colombia. These centres are designed to offer advanced cybersecurity services, monitoring and managing the security of its clients' information systems in real time with a 24x7 service covering the entire timetable.

Regarding its client exposure, Cuatroochenta works closely with the Spanish National Cybersecurity Institute (INCIBE) to develop advanced cybersecurity solutions. One of their most outstanding initiatives is the AI4CYBERSOC project, a cybersecurity alert management system based on artificial intelligence. This project, which is part of the Strategic Initiative for Innovative Public Procurement (IECPI) and is financed by the Next Generation-EU Funds, has a total budget of €3.8m, of which €3.6m will be provided by the public institution. The new tool, which was presented at the last International Meeting on Information Security (ENISE) held last October, aims to predict cyberattacks and guide organisations in the investigation and response to incidents. The solution uses machine learning and natural language processing to analyse large amounts of data in real time, improving the efficiency of Cuatroochenta's Security Operations Centres (SOCs).

2) Independent Software Vendors (ISV; 21% of FY23 revenues), which include Cuatroochenta's suite of proprietary cloud-based software products offered as a SaaS solution (such as FAMA, CheckingPlan and Escena Online), plus its stake in Pavabits/Matrix, which are accounted as equity method (50% stake). Specifically, we highlight:

- **FAMA (11% of FY23 revenues) – Facility management software:** FAMA is a proprietary software platform acquired in 2021 to comprehensively manage assets and infrastructure. The platform offers a variety of tools, such as for asset inventory control, maintenance planning, incident management, cost control and report generation. FAMA allows an exhaustive control and centralised management of the different aspects that contribute to the good functioning of the infrastructures of the organisations and their associated services: maintenance, management of real estate assets, spaces and management of all the aspects related to the sustainability of the organisations (such as quality, carbon footprint, waste, environmental and energy management, etc.).

  FAMA is a leading facility management platform, managing more than 80k properties, both for private and public organizations. Its client base includes Catalonian's regional government (Generalitat de Catalunya), Madrid's Complutense University, Hospital Sant Joan de Déu in Barcelona, RTVE, and leading companies such as Tendam, CIRSA, Renfe and ADIF.

- **CheckingPlan (10% of FY23 revenues) – Facility services software:** CheckingPlan is an intelligent platform designed to enhance productivity of field services and ensure the traceability of processes within companies. The platform provides key features and functionalities such as i) planning and task management (by assisting organizations to assign tasks to employees with deadlines), ii) checklists and forms (by digitalizing and automating data collection through customizable forms and checklists), iii) time tracking (by recording employees' working hours accurately and ensuring compliance with legal requirements) and iv) whistleblowing channels (providing employees a secure and confidential way to report issues, aligned with its legal obligations).

  CheckingPlan is highly adaptable to the specific needs of each client project, enabling tailored solutions that align with customer requirements and processes. This flexibility ensures optimal outcomes for diverse industries. Its client base includes entities such as Serveo, where Ferrovial adopted CheckingPlan as its platform for managing attendance and presence tracking for over 1,400 workers in Spain, and companies in other sectors such as Alvic for gas station maintenance and Alstom in global mobility projects. Its customers include Vodafone and Clece.

- **Escena Online:** It is a proprietary product, recently developed by Cuatroochenta, as a ticketing platform dedicated to online and box office ticket sales, as well as capacity control for events. The platform helps manage events in a comprehensive way, without intermediaries or transaction fees. Among the main advantages is its flat fee policy; i.e., the client pays a fixed amount for the use of the platform, regardless of the number of tickets sold, with no additional commissions. Target clients include public and private entities.

- **Pavabits / Matrix** (**50% owned by Cuatroochenta and Grupo Pavasal):** Matrix is a product specialising in document and invoice digitisation. Its software enables organisations to digitise, index and organise in an automated and secure way all the information that they generate and receive, both in physical and digital format.

  Matrix has established itself as a benchmark solution in the document and invoice digitalisation sector, especially among consultancies, management companies and large companies. This acquisition especially complements and boosts Pavabits' Invoice System solution, developed for the digitisation of invoice reception and validation in the cloud. For details regarding the impact of Pavabits/Matrix on the P&L, please refer to page 20.

3) Value-Added Reseller (VAR; 27% of FY23 revenues), focusing on implementing Microsoft ERP and Zoho CRM solutions, through Ekamat and Conpas, respectively.

- **Ekamat (23% of FY23 revenues) – ERP solutions:** This includes Microsoft ERP (Dynamics 365 Business Central), with a focus on SMEs. Specifically, Microsoft's ERP covers core management areas of any business, including accounting, finance, projects, warehouse, human resources, supply chain, sales and marketing. These can be tailored to specific industries with expanded functionalities. Additionally, Cuatroochenta has strengthened its focus on proprietary products under a SaaS model with Ekadis and Ekatex—both certified by Microsoft—to maintain its leadership in specific verticals such as food retail distribution (Ekadis) and clothing industries (Ekatex). Besides this, it recently launched Ekafund, a new solution for the third sector—fully customisable for each type of foundation, association or non-profit organisation—adapting to their management needs.

  Ekamat's client base includes companies across various sectors such as Mahou, Gratacós (a leading company in fabric design and production), Coseral (a wholesaler for the hospitality and food distribution industries) and Fruites Hurtós, a fruit-and-vegetable distributor.

- **Conpas (5% of FY23 revenues) – Zoho CRM solutions for SMEs:** Acquired in 2022, Conpas is a long-standing premium partner of Zoho in Spain, recognized for its expertise in implementing and developing Zoho-based solutions, likely including consulting, customization, integration and technical support. Zoho CRM is a customer relationship platform that provides tools for managing sales, marketing, customer support and operations focused on SMEs. Its main advantage over competitors is its ability to customize solutions with an affordable pricing structure, making it accessible for small and medium-sized companies with tighter budgets.

  Its client base includes the Basque Culinary Center, Cooltra, Evolution, Meridiano and Medac. These clients chose Conpas to improve their CRM systems and centralize and optimize the management of their B2B sales systems. As of FY23, c. 44% of Conpas' revenues were recurring.

4) Value-Added Services (VAS; 14% of FY23 revenues), with 480Dev, which specializes in creating cloud software solutions tailored to client needs, primarily serving large and medium-sized companies. While this division has reduced its share of total revenues from 22% to 14% as of FY23, it plays a strategic role by fostering innovation (with a team of 42 fully dedicated software developers) and creating SaaS opportunities—by developing new technologies that can later be commercialized as proprietary SaaS solutions. Its main solutions include:

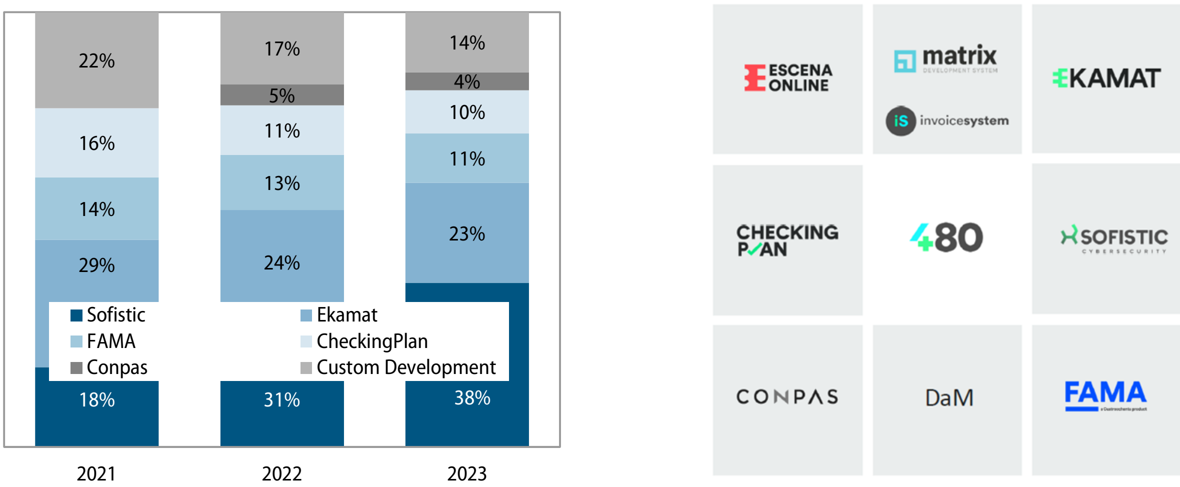
- **Development of integrated solutions with IoT devices** to improve user experience through apps.
- **Development of e-commerce solutions,** enabling online stores to benefit from mobile features (geolocation, integrated payments and customer loyalty).
- **Development of solutions for logistics and warehouse management,** with the development and integration of application with geolocation for delivery tracking, fleet control, route optimisation and integrations (CRM/ERP), aimed at a more efficient operational management.

In 2023, this business line prioritized profitability improvements by implementing operational changes such as abandoning fixed-price contracts to improve cost control and execute larger, more complex projects that yield higher returns. Specifically, Cuatroochenta has executed strategic projects for companies such as Salto Systems, the global leader in electronic access control solutions; Consum, a supermarket chain; Aquarama, a leisure park; and Zummo, a key player in the design and manufacture of automatic citrus juicing machines.

Cuatroochenta's main clients by business line

Source: Company data

Cuatroochenta's revenue mix (2021-23) and brand portfolio (right)



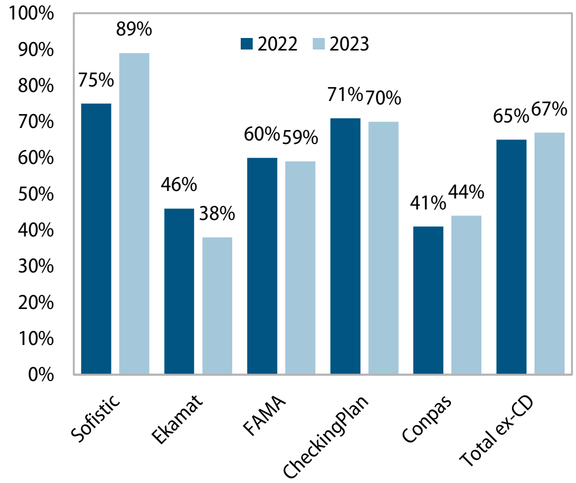
Source: Company data

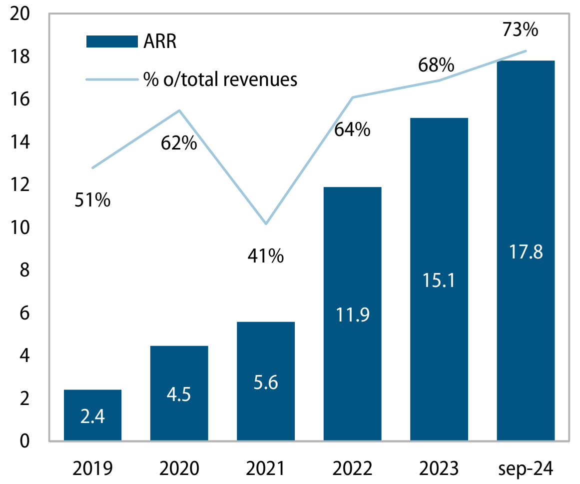
… with recurring business model (67% of total revenues) and well-diversified client base

Cuatroochenta primarily operates under a B2B SaaS model, generating revenue through subscription-based licenses. This approach emphasizes product-driven revenue, reducing dependence on workforce expansion and allowing for greater scalability. In addition, software solutions offered by Cuatroochenta are tied to critical activities and processes essential for a company's operations (such as facility management, cybersecurity, infrastructure maintenance in hospitals or airports, etc.). As a result, the customer churn rate is very low.

As of FY23, excluding the Custom Development business line (14% of total revenues, as license sales are not significant in this segment), recurring revenues amounted to €12.9m, representing 67% of the company's total revenue (65% in FY22). This growth was driven mainly by the Cybersecurity division, which maintains a highly recurring revenue base—c. 89% of its revenues are supported by long-term contracts as shown in the following chart. In addition, ARR reached €17.8m as of September 2024 (+18% vs December 2023), reinforcing growth visibility through subscription-based licenses.

Cuatroochenta's recurring revenues by business line in FY22-23 (left) and annual recurring revenue in €m (right)





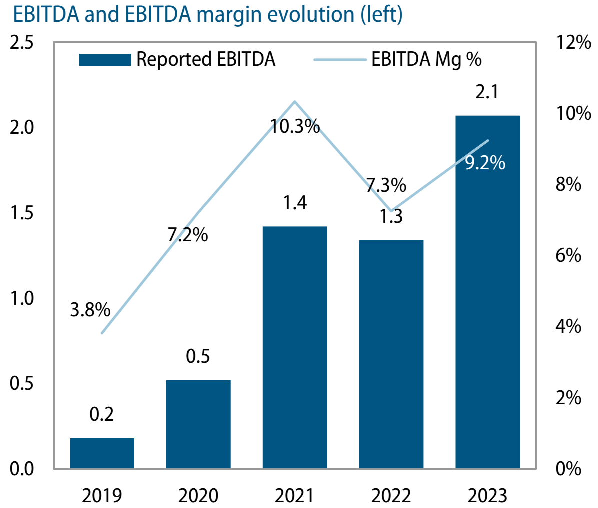
Source: Company data

Well-diversified and growing client base (largest client contributed c. 4% of sales): Cuatroochenta sells its products directly to B2B customers, maintaining a well-diversified revenue stream, both by geography and sector, thus mitigating the operational risk by avoiding significant dependence on any single client or sector. Specifically, in FY23, its top-10 clients accounted for 14% of total turnover, while top-15 clients represented 31%. The company's largest client contributed c. 4% of total revenues (compared with 27%, 20%, and 3%, respectively, in FY22), reflecting low dependency on individual clients. In addition, the average sales volume per client reached €21.5k in FY23 (+16% YoY), reflecting client engagement and an increased focus on higher-value offerings.

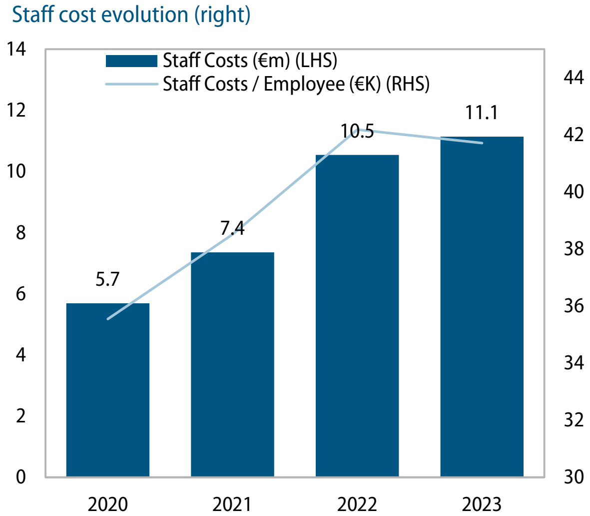
Cost base: Operating leverage is already visible at the EBITDA level

Cuatroochenta's financial performance in FY23 showed a gross margin of 67% and EBITDA margin of 9.2%. Specifically, COGS accounted for 33% of its revenues in 2023, with most COGS arising from Sofistics—mainly related to the acquisition of third-party cybersecurity technologies such as Darktrace and CrowdStrike. Personnel expenses accounted for 49.7% and other operating income and expenses represented the remaining 8%, leading to an EBITDA margin of 9.2% in 2023.

EBITDA and EBITDA margin evolution (left)



Staff cost evolution (right)

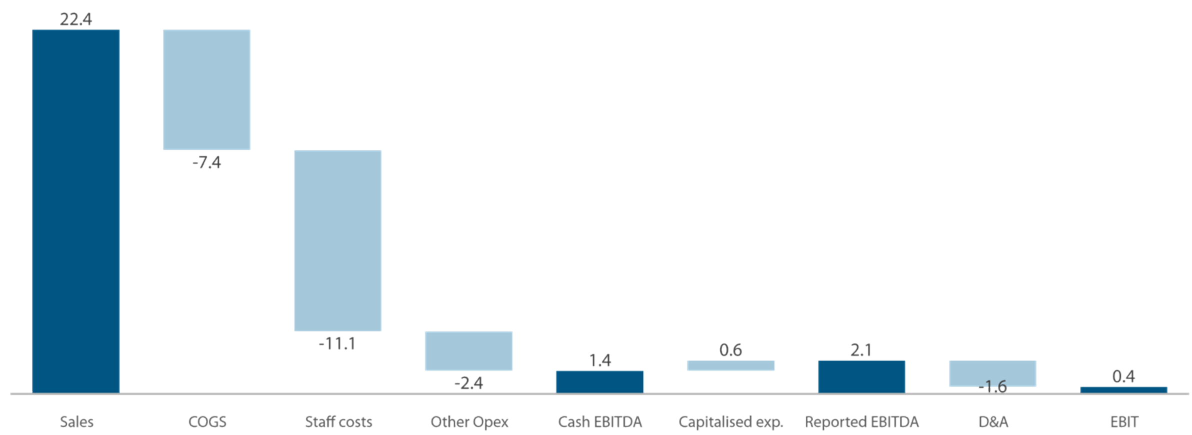


Source: Company data

We attribute the decline in gross margin from 74% in 2021 to 67% in 2023 mainly to a shift in the revenue mix, with Sofistic's cybersecurity business, which has a lower gross margin, growing its share of total revenues to 38% in FY23 (vs 18% in 2021). Specifically, the cybersecurity segment has a gross margin of c. 35%, significantly lower than the c. 85% average margin of the company's other business lines, where it primarily distributes its own software.

Sofistic's operational leverage is starting to yield results despite growth pressuring the gross margin. The EBITDA margin fell from 10.3% in FY21 to 7.3% in FY22 but recovered to 9.2% in FY23, driven by a significant improvement in labour costs, which in FY23 represented 49.7% of the total revenues (vs 54% in FY22). Additionally, other operating expenses remained relatively flat at €2.4m despite the 21% YoY growth in revenues. Regarding personnel expenses, Cuatroochenta employed c. 267 people as of December 2023. Staff costs per employee are relatively low at €42k as the company benefits from a reduced cost base, with most employees and operations located in Castellón de la Plana (Valencia). Such a scenario should result in lower operating costs (personnel, admin and R&D) compared with competitors, thus offering a significant operating leverage as revenue continues to grow.

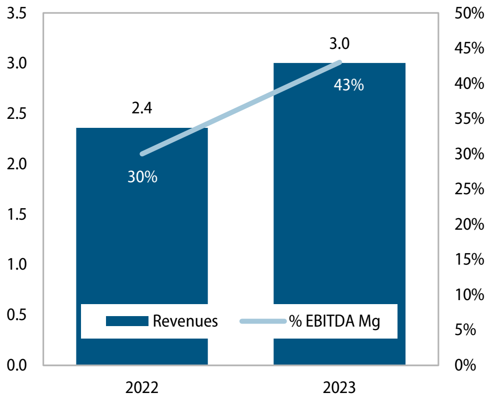
Cuatroochenta's FY23 cost structure (€m)

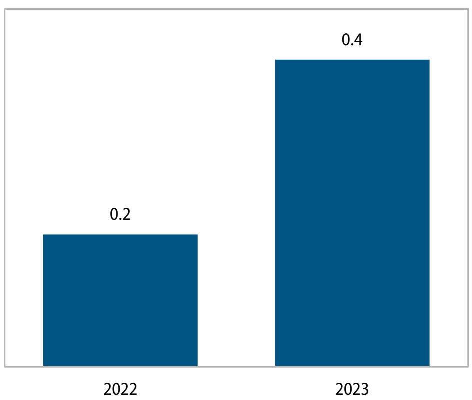


Source: Company data

Associates accounted through equity method: Below EBITDA, Cuatroochenta accounts for its JV with Pavabits, which is accounted as the equity method. Through this JV, Cuatroochenta acquired Matrix in 2022. For context, Matrix's has shown remarkable growth, with revenues increasing by 30%, from €2.4m in FY22 to €3m in FY23, while significantly improving its margins (reaching an EBITDA of c. €1.3m in FY23). As of December 2023, its book value was €1.43m, contributing with c.€0.4m to Cuatroochenta's P&L through associates. Matrix is a B2B document management software solution that digitalizes and organizes all information a business receives, whether physical or digital. Matrix enables clients to efficiently search and access data anytime and anywhere.

Matrix's revenues and EBITDA margin evolution (left) and Matrix's associates impact on P&L in FY22-23 (right)





Source: Company data. Matrix was acquired by Pavabits (JV where 480S owns 50% and Pavasal Group 50%) and is accounted through equity method.

Capital structure – Deleveraging successfully after M&A growth

Cuatroochenta's M&A activity increased its leverage to c. 5.5x in FY21. However, this trend reversed in FY23 with the company reducing it to 3.7x in FY23 and 2.7x in 1H24, including the convertible instruments. Regarding the current capital structure, we highlight the following:

Gross debt (€5.2m): As of June 2024, gross debt stood at €5.2m, of which 94% is considered traditional bank debt and the remaining 6% is related to other financial liabilities (such as pending payments related to M&A activity carried out in the past years).

Leases (€0.9m): These correspond entirely to the commitments made under office lease contracts.

Convertible instruments (€3.2m): Cuatroochenta issued two convertible instruments totalling €3m in 2022, due in 2027, to strengthen its cash position and execute its M&A strategy. Inveready, a Spanish asset management firm fully subscribed both issues of €2m and €1m, respectively. Currently, none of the convertible instruments are in the money, as shown in the following table.

Convertible instruments details

Convertible bonds (€m)	Date	Total (€m)	Maturity	Interest	PIK	Conv. price (€/shr)
Loan I	February 2022	2.0	2027	3.5%	3.49%	18.0
Loan II	June 2022	1.0	2027	3.5%	3.49%	18.0

Source: Company data

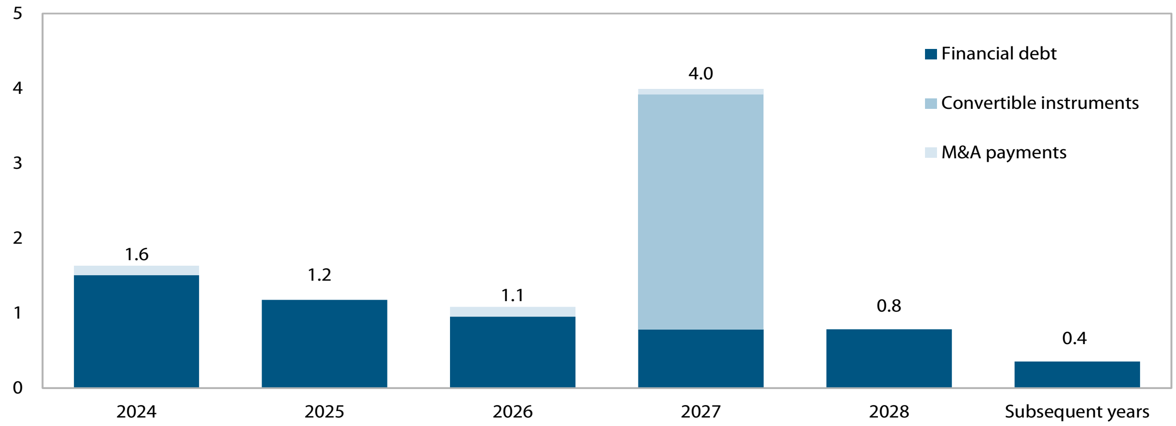
Debt structure (2019-June 2024)

€m	2019	2020	2021	2022	2023	June 2024
Long term financial debt	2	3	6	4	4	3
Short term financial debt	0	1	3	2	2	1
Other LT liabilities	2	2	0	0	0	0
Other ST liabilities	0	2	1	0	0	0
Leases	0	0	0	1	1	1
Convertible instruments	0	0	0	3	3	3
Cash & Equivalents	-1	-3	-3	-4	-2	-2
Net Financial Debt	3	6	8	8	8	7
Net debt/EBITDA	17x	11.1x	5.6x	5.7x	3.7x	2.7x

Source: Company data

Upcoming maturities: About 87% of the company's gross financial debt matures between 2024 and 2027. Specifically, Cuatroochenta has most of its debt maturities in 2027, when its two convertible bonds mature for €3.2m, representing 35% of the total gross financial debt. As of June 2024, the company had a cash position of €2.3m, which should enable it to repay the debt maturing in the next few years. The company's operating cash flow generation capacity supports this, with a €2m cash position as of June 2024.

Gross debt maturities, FY23 (€m)

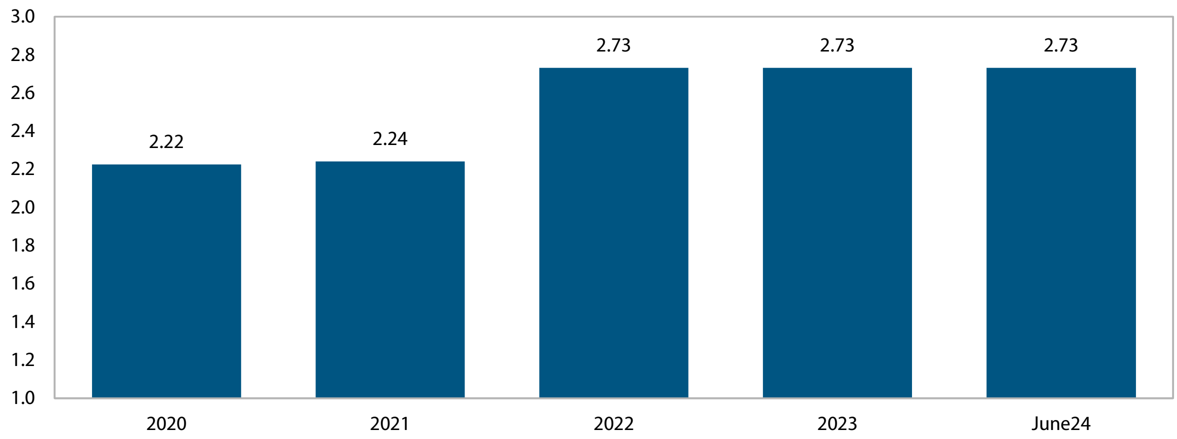


Source: Company data

Capital increases: Cuatroochenta has executed several capital increases over recent years, most of them small and aimed to offset the credit generated after closing strategic acquisitions. Specifically, we highlight the following:

- **In July 2022, €6.4m of capital was injected,** implying the issuance of 0.452m new ordinary shares (c. 20% of the share capital) at a price of €14.2/shr—with a unit par value of €0.04/shr and a share premium of €14.16/shr. On the same day, the company executed another capital increase of €0.4m with the issuance of 0.028m new ordinary shares at the same price to offset a credit granted by Multiactividades Reunidas SL (Pavasal Group).
- **Capital increases for M&A credits and earnouts:** Cuatroochenta has also executed several small capital increases, totalling €0.45m, to issue shares as part of payments related to strategic acquisitions, specifically for Ekamat (4,716 shares at €15.9/shr) and Sofistic (11,688 shares at €24.16/shr). Furthermore, the company issued 10,466 new shares at a price of €12.36/shr to offset credits generated from the acquisition of Sofistic.

Shares outstanding in millions, 2020-June 2024



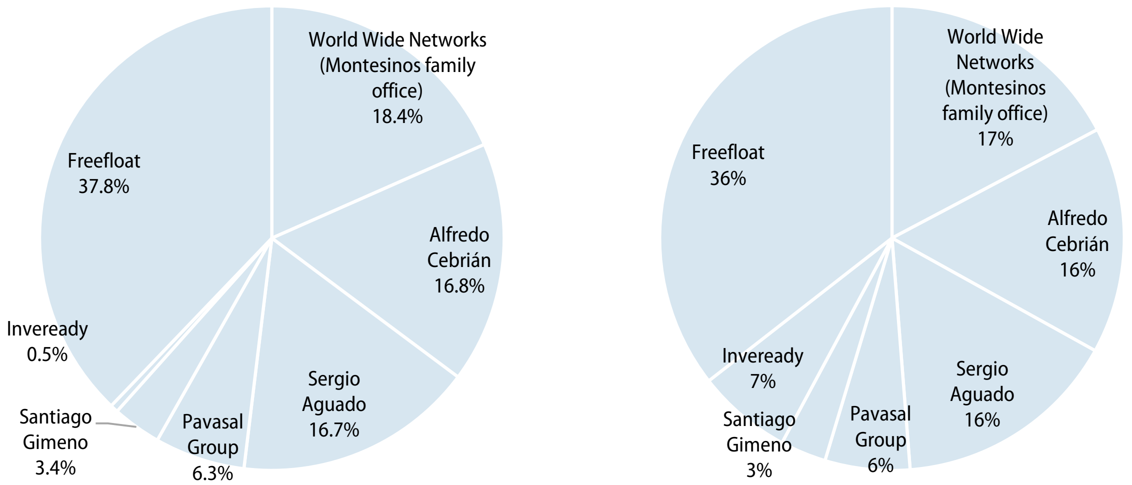
Source: JB Capital estimates

Shareholding structure and board of directors

Shareholding structure: Founding partners retain 33.5% stake and key management roles; free-float at 40%

Cuatroochenta's shareholding structure includes a mix of executive ownership and institutional stakeholders, ensuring alignment of management and investor interests. Co-founders and co-CEOs Mr Alfredo Cebrián and Mr Sergio Aguado own 16.8% and 16.7% stakes, respectively. Their significant ownership reflects their vested interest in the company's long-term success and growth strategy. Institutional support comes from two key family offices: World Wide Networks (Montesinos family), with an 18.3% stake, and the Pavasal Group (a Valencian family-owned construction company) that owns 6.3%. This leaves the free-float at 40%. Additionally, the company has issued convertible bonds worth €3.2m, held by Inveready (which also owns c. 1% of shares). These bonds have a strike price of €18/shr, implying a maximum amount of 0.2m shares if fully converted (c. 6.8% of total issued shares). The following chart illustrates the shareholding structure, including the impact of the fully converted bonds.

Current shareholding base (left) and shareholding base assuming the convertible is fully converted (right)



Source: Company data and BME Growth (as of January 2025)

A board of directors with a substantial stake in the company

Cuatroochenta's board comprises 9 members, ensuring a balance between executive, shareholder, and independent representation. The two co-CEOs and co-founders, Alfredo Cebrián and Sergio Aguado, with Vicente Montesinos, a local business angel, control almost 52% of the share capital. Three proprietary members—Alfonso Antonio Martínez Vicente, Santiago Gimeno Piquer and Javier Rillo Sebastián—complete the bulk of the board most involved in Cuatroochenta. Manuel Pastor Martinez represents Multiactividades Reunidas (Pavasal Group) with a 6.3% stake. Notably, 5 out of 9 members have a substantial stake in the company, collectively controlling 62% of the share capital, fostering strategic alignment at the board level. The remaining two directors (Carlos Ochoa Arribas and Verónica Fernández-Tapra) serve as independent members.

Composition of the board of directors (June 2024)

Name	Position	Nature	Stake
Vicente Montesinos Contreras (WORLD WIDE NETWORKS SL)	Chairman	Proprietary	18.4%
Alfredo Raúl Cebrián Fuertes	Board member	Executive	16.8%
Sergio Aguado González	Board member	Executive	16.7%
Santiago Gimeno Piquer (GIMENO CIENTO ONCE)	Board member	Proprietary	3.4%
Alfonso Antonio Martínez Vicente	Board member	Executive	0.5%
Manuel Pastor Martínez (MULTIACTIVIDADES REUNIDAS SL)	Board member	Proprietary	6.3%
Javier Rillo Sebastián	Board member	Executive	0.4%
Carlos Ochoa Arribas	Board member	Independent	0.4%
Verónica Fernandez Tapra	Board member	Independent	0%

Source: Company data

Board and senior management compensation amounted to €0.41m in 2023 (€0.36m in 2022). Such remuneration included €0.17m in total for both co-CEOs (€0.085m each), the rest of board members that maintain an executive position obtained €0.169m in total, and independent members received €0.044m. With the €0.026m for retribution obtained by board members for the rendering of professional services, total board compensation amounted to €0.41m. For 2024, both co-CEOs maintain their contracts and should receive the same remuneration as in 2023 (€0.085m each).

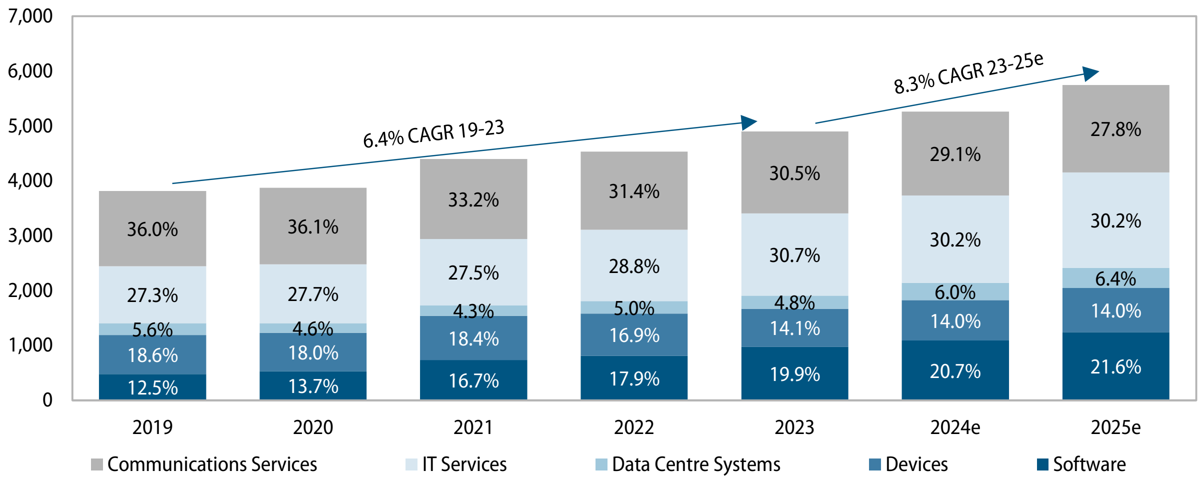
Industry overview

Global IT spending to grow 7.2% in 2024, accelerate to 9.3% in 2025…

Gartner forecasts global IT spending to grow 7.2% in 2024 to $5.26tr. This growth should be driven largely by sustained investments in generative AI and increased demand for data centre systems, which are expected to increase spending sharply by 35%. Additionally, Gartner expects software spending to rise 12% as businesses prioritise digital transformation initiatives.

Gartner expects this growth trajectory to persist in 2025, with worldwide IT spending projected to rise 9.3% YoY to $5.75tr. This trend should reflect the continued recovery and confidence in technology investments, particularly in key areas such as generative AI, cloud infrastructure and software development. The software, data centre systems and IT services segments are expected to lead this growth, with software spending estimated to rise 14%, data centres by 15% and IT services by 9.4%. These expected trends highlight the strategic focus on digital transformation, cybersecurity and AI-driven technologies, as businesses aim to adapt to evolving market demands and enhance operational efficiency.

Global IT spending (US$ bn)



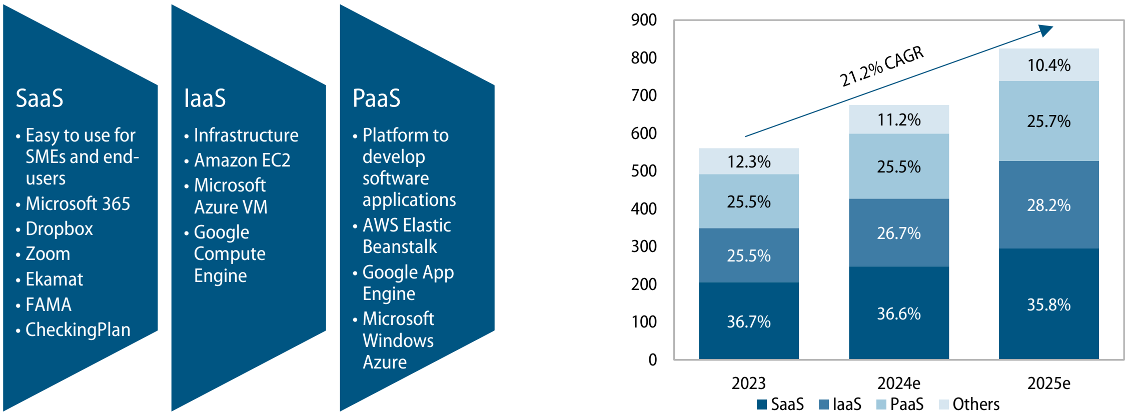
Source: Gartner

… with 21% CAGR for cloud solutions in 2023-25e (driven by digital transformation across industries)

Within the broader IT landscape, SaaS stands out as a rapidly expanding segment. The fastest-growing segment within the cloud market is IaaS (Infrastructure-as-a-Service), driven by rising demand for infrastructure to support AI model training, By expenditure volume, SaaS is the largest cloud solutions segment, reaching c. $206bn in 2023 (37% of total cloud spending). Gartner forecasts 19.7% CAGR for SaaS from 2023 to 2025. While this growth rate is slightly below the 21% CAGR expected for overall cloud service models, it still outpaces the growth forecast for the global IT sector. This high growth in end-user spending on SaaS should be driven by more applications from independent software vendors and growing use of cloud platforms for AI, machine learning, IoT (Internet of Things) and big data.

Additionally, a different study from Fortune Business Insights valued global SaaS at $274bn in 2023 and projected to grow from $318bn in 2024 to $1,229bn in 2032, implying an 18% CAGR. Such strong growth should be driven mainly by the adoption of public and hybrid cloud-based solutions, integration with other tools, and centralised data-driven analytics. SaaS solutions have experienced changes in technologies, such as artificial intelligence and machine learning, which once integrated improve the operating efficiency and intelligence in companies.

Different cloud service models (left) and cloud services revenue forecast for 2023-25 in US$bn (right)



Source: Gartner

Understanding SaaS, PaaS and IaaS

Cloud solutions have revolutionized how businesses operate, by offering scalable, cost-effective and flexible solutions. At its core are three primary service models: Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) and Infrastructure-as-a-Service (IaaS)—each catering to different aspects of technological infrastructure and software needs. Specifically, we highlight the following:

SaaS (Software-as-a-Service): SaaS delivers application software via the cloud, accessible through web browser, desktop client or mobile application by paying a monthly or annual fee. The SaaS provider hosts and manages the application and its infrastructure (servers, storage, networks, middleware and data storage). The provider also handles software updates and patches for users, while users do not need to install or maintain the software themselves. Examples of SaaS include Salesforce, Dropbox, Microsoft 365—one of the ERPs implemented by Cuatroochenta—and Zoom.

IaaS (Infrastructure-as-a-Service) refers to access to physical and virtual computing infrastructure such as servers on the cloud, storage and networks. Providers manage the physical servers, storage space and networking hardware. Clients of IaaS use the hardware, which are located on the provider's data centre, via the internet and pay through user subscriptions. Examples include Amazon EC2, Microsoft Azure VM and Google Compute Engine.

In **PaaS (Platform-as-a-Service)**, a cloud-based platform is provided to develop and manage applications without managing the underlying infrastructure. The service provider in the cloud stores, manages and keeps all hardware and software included in the platform, as well as services related to security updates, operating system and software. Examples of PaaS solutions include AWS Elastic Beanstalk, Google App Engine and Microsoft Windows Azure.

SaaS applications require no complex setup or infrastructure, making them easily accessible to non-technical users and small businesses. This segment is also supported by the ongoing shift towards remote work, digital collaboration tools and automation, especially for SMEs and other end-users, which is Cuatroochenta's main focus, especially through its fully owned software solutions.

The Spanish SaaS market is experiencing significant transformation and robust growth. Spanish Startups projects it to achieve 19% CAGR between 2024 and 2029. This growth should be fuelled by rising demand for digitalization in traditional sectors such as tourism, healthcare and manufacturing, where SaaS solutions are enhancing efficiency and improving data analysis.

Cybersecurity: A growing priority…

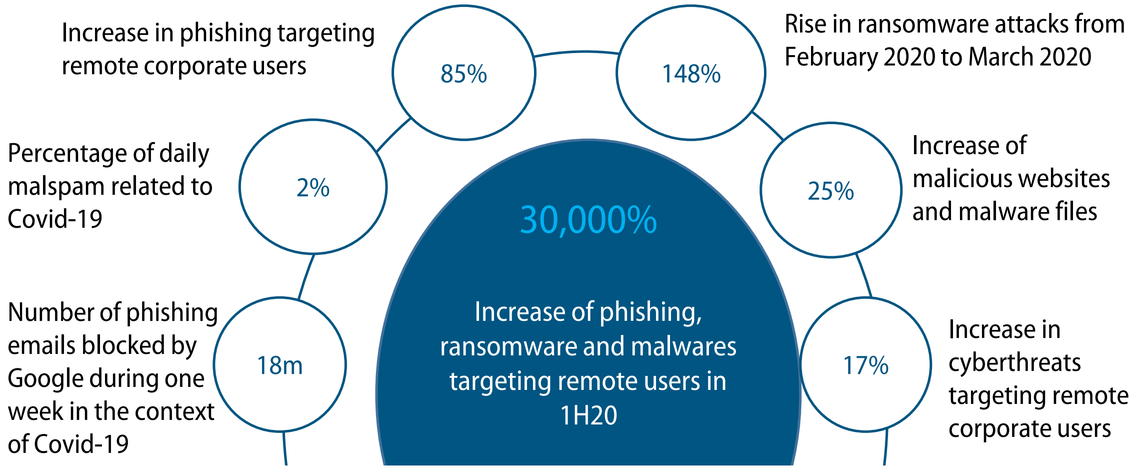
Rising cyber threats: The ongoing digital transformation driven by SaaS and cloud adoption has exposed businesses to increasing cybersecurity risks. In this regard, Gartner forecasts global information security end-user spending to rise 15% to $212m in 2025. This should be driven by increased adoption of generative AI tools, growing investments in cloud security solutions (as companies continue moving to the cloud) and growing demand for security services amidst a global cybersecurity skills shortage.

The UK's National Cyber Security Centre (NCSC) reported an uptick in high-level cyber incidents and a 64% YoY rise in incidents considered serious enough for investigation by its incident management team during 2023. Although the global cyber security workforce grew 9% to over 5.5m people in 2023, according to the ISC2 (International Information System Security Certification Consortium), there is still a skills gap that rose 13%, with ISC2 estimating a requirement of c. 4m cyber security professionals worldwide.

The shift to remote work during the pandemic compelled security directors (CISOs) and their teams to implement measures to ensure the security of remote operations. Strengthening these defences has since become a critical priority for protecting companies against cyberattacks.

This challenge is particularly pronounced in Spain and Portugal, where establishing and maintaining standard cybersecurity protocols has proven difficult due to several factors such as: i) low levels of cybersecurity awareness, ii) historically limited investments in cybersecurity, as businesses in Spain have traditionally underinvested compared with other EU countries, and iii) the high prevalence of small and medium-sized enterprises, which often lack the resources to implement robust security measures. As a result, companies in Spain and Portugal have been left vulnerable to cyberattacks. According to a study published by the consulting firm McKinsey, cybercriminals exploited this situation during 1H20, as phishing incidents, malwares and other cyber threats targeting remote users increased 85%, 25% and 17%, respectively.

Cybercrime in Iberia rose sharply during the pandemic



Source: McKinsey

Cybercrime has continued to grow in the recent years, with an increase in both the number of reported incidents and its share of overall crime. As shown in the following table, cybercrimes accounted for 9.9% of total crimes in Spain in 2019, rising to 19.2% in 2023.

Weight of cybercrimes over total crimes in Spain (%)

2019	9.9%
2020	16.3%
2021	15.6%
2022	16.1%
2023	19.2%

Source: Spain's Crime Statistics System (SEC) and Ministry of the Interior

… projected to experience significant growth in LatAm (Sofistic's main market)

Considering Cuatroochenta's strong presence in Latin America, particularly through Sofistic, which generated 100% of its FY23 revenues in the region, we conducted a deeper analysis of the market. The American consulting firm Frost & Sullivan projects that the managed cybersecurity services market in Latin America will grow 12.8% in 2024 to $1.7bn. The main growth drivers are **digital transformation**, related to the rapid adoption of digital technologies that is increasing organisations' vulnerability to cyberattacks; **increasing number of cyberattacks** and **talent shortage,** with a lack of cybersecurity professionals in LatAm prompting organisations to outsource their security needs to specialist providers and fostering growth in the managed services market.

According to Fortinet, cyberattacks in LatAm and the Caribbean soared 600% in 2022, accounting for 10% of global cyberattacks, which reached 360bn attempts. Mexico led the increase with 187bn attacks, followed by Brazil (103bn), Colombia (20bn) and Peru (15bn). Private companies were the primary targets due to the rise of remote work during the pandemic, followed by state institutions.

Among different LatAm countries where Sofistic has exposure, **Colombia** has experienced significant growth and has become a leader in cybersecurity. Moreover, according to the former director of the cybersecurity programme of the Organization of American States, Colombia is considering establishing an independent dedicated national agency, with projections for its managed cybersecurity services market to grow 19% to $152m of revenues in 2024, according to Frost & Sullivan.

Panama is also poised for significant growth with a forecast 34% increase reaching $51.2m in 2024, according to Frost & Sullivan. Such evolution should be driven by the country's growing need for security solutions. According to a study by Kaspersky, ransomware attacks rose 220% from June 2023 to June 2024, and the country was positioned 75th in the National Cybersecurity Index.

Costa Rica, ranked 77th in the National Cybersecurity Index, is making progress in cybersecurity after facing several Conti ransomware attacks in 2022. These attacks targeted different public institutions including the Ministry of Finance and the Ministry of Science. The Conti Group, which claimed responsibility for some attacks, demanded a $20m ransom in exchange for not releasing information stolen from the Ministry of Finance, including citizens' sensitive information. These attacks led the country to implement the National Cybersecurity Strategy 2023-27, showing a long-term commitment to digital security. In 2023, ransomware attacks fell by 58%.

Finally, according to Kaspersky, the **Dominican Republic** recorded 400% growth in the number of ransomware attacks from June 2023 to 2024, highlighting the need for enhanced cybersecurity solutions. The country has established collaborative networks through partnerships such as the Cyber Capacity Centre for Latin America and the Caribbean.

Recent incidents underline importance of robust organizational security systems

The CrowdStrike incident in July 2024 was a significant event in the cybersecurity landscape, exposing companies to digital vulnerabilities. CrowdStrike, a leading provider of cybersecurity solutions through its Falcon platform, faced an incident when a configuration update for its Windows Falcon sensor caused widespread system failures. The update introduced a faulty file that led to Blue Screen of Death errors across numerous Windows devices. This affected critical infrastructures globally, including healthcare and airport systems, leading to operational disruptions. Although CrowdStrike quickly identified and corrected the faulty update, manual remediation was required for many systems, prolonging recovery times.

This and other incidents underline the importance of having robust organizational security systems. Key lessons include the need for rigorous testing protocols, staged rollouts to detect issues early and effective rollback mechanisms to minimize disruptions. Additionally, maintaining strong disaster recovery plans can help mitigate the effects of unexpected failures.

Corporate spending trends confirm increasing cybersecurity budgets

According to a recent Deloitte survey of more than 1,000 executives across industries, more than 57% of respondents expect their companies to boost cybersecurity budgets within the next 1-2 years. Additionally, 58% plan to integrate cybersecurity spending into broader initiatives, including digital transformation, IT programmes and cloud investments.

The rise in cybersecurity investments is also linked to the growing number of cyber threats. Deloitte's survey highlights that 42% of respondents identify hacktivists, cyber criminals and terrorists as the primary sources of threats. Meanwhile, 40% of companies reported 6 to 10 cybersecurity breaches in the past year—a 2pp increase from the previous survey. The expanding attack surface in an increasingly digitized world continues to provide opportunities for threat actors, necessitating stronger defensive measures.

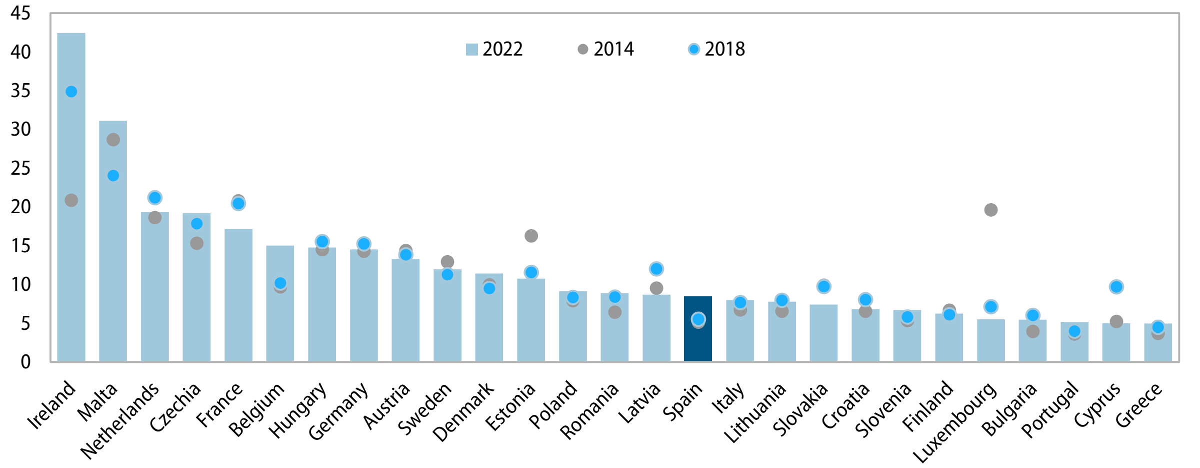
Aside from a surge of investing in cybersecurity products and services, organizations are increasing staff training and workforce development investments in 2025 to address growing technological demands. Moreover, many new protection laws and industry-specific regulations will require organizations to train their employees in cybersecurity best practices to maintain compliance. Furthermore, there is ample room to gain market share for Cuatroochenta in a market that grows at c. 15%, according to Gartner. Another study from Deloitte reported that 51% of the companies lack a cybersecurity strategy dedicated to AI systems.

A closer look into Spain's technological landscape

The Spanish technology sector is dominated by consulting and service companies. The Spanish technological business landscape is characterised by a strong presence of service consulting firms, while companies focused on SaaS product development are comparatively fewer. This configuration has significant implications in terms of revenue recurrence, scalability and growth potential, as highlighted in the peer group section.

High-tech exports ranked 16th in the EU-27, showing steady improvement. In 2022, Spain ranked 16th in the EU-27 for high-tech product export intensity, reaching 8.46%, a significant improvement from its 24th and 25th positions in 2014 and 2018, respectively. However, strategies are necessary to enhance its performance and reduce the technology gap with other countries. According to Eurostat, the EU's average high-tech export intensity increased from 15.3% in 2014 to 17.3% in 2022. Ireland and Malta, two smaller economies, continue to dominate the ranking, leveraging their focused high-tech export strategies. These countries have consistently grown in high-tech product exports as a share of their total exports, as highlighted in the following chart.

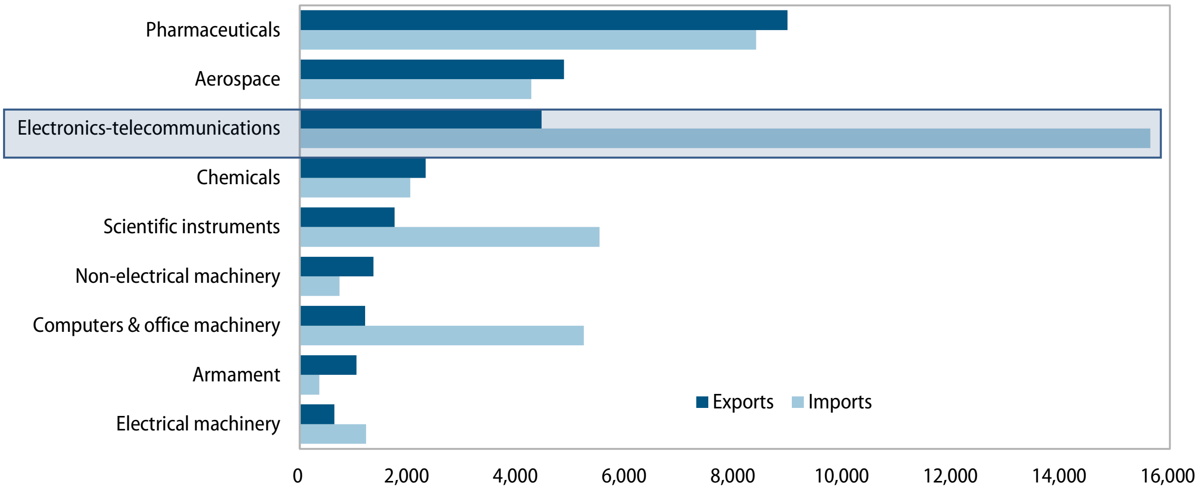
Share of EU exports of high-tech products relative to total exports (2014, 2018 and 2022) (%)



Source: Funcas and Eurostat

Spain has constantly experienced a negative balance of trade in high-tech products, which has more than doubled since 2013 (€16.8bn in 2023 vs €7.2bn in 2013). The electronics-telecommunications sector remains the primary contributor, with its deficit rising sharply from €4.8bn in 2013 to €11.1bn in 2023, accounting for about 66% of the total deficit. These imbalances illustrate Spain's heavy reliance on technology imports, particularly in critical sectors.

Spanish exports and imports of high-tech products by sector in 2023



Source: Funcas and Eurostat

While Spain is making progress in aligning its high-tech export performance with the rest of the EU, the growing trade deficit in high-tech products, particularly in electronics and telecommunications, underscores its continued dependence on technology imports. This ongoing gap presents both a significant challenge and a strategic opportunity. For Spanish tech companies like Cuatroochenta, which are leading digital transformation efforts across industries, we believe this landscape offers a chance to strengthen domestic technological capabilities, thereby reducing the country's dependence on imported technology.

Company overview

Cuatroochenta (480S SM) is a Spanish technology company specializing in developing and implementing digital solutions in the cloud, with a strong focus on digital transformation of processes in the corporate environment and cybersecurity. The company offers a comprehensive suite of software to improve user experience, process optimization, security, cost reduction and efficiency improvement in sectors such as facility management, facility services, banking and critical infrastructure, among others. Cuatroochenta is headquartered in Castellón de la Plana (Valencia region) with offices in Madrid, Barcelona, Valencia, Lugo, Burgos, and Malaga. It has expanded its presence internationally, with offices in Panama, Bogotá, Costa Rica, the Dominican Republic, and Mexico. The company's shares were listed on the BME Growth (the BME Exchange market for SMEs) stock exchange in October 2020.

Valuation

We initiate coverage of Cuatroochenta with a Buy rating and €18.0/shr target price (65% upside). We value the company using a discounted cash flow (DCF) methodology, as we believe it is the most appropriate valuation technique to capture its expected top-line growth and profitability expansion.

Our DCF model includes explicit free cash flow forecasts up to 2031. We use a discount rate (WACC) of 9.0% for the explicit period. For the terminal value we assume an EBIT margin of 13.6%, WACC of 9.0% and a long-term growth rate of 2%. We reach an enterprise value (EV) of €66m, from which we subtract 2024e Net Debt of €3.4m (excluding convertibles). We also add the 50% equity stake in Pavabits/Matrix (€2.5m) and other financial assets (€0.5m). We consider the current number of shares of 2.7m and adjust this to reflect the dilution arising from convertibles (0.2m). Additionally, we adjust a 20% standard liquidity discount, given Cuatroochenta's reduced size and trading volume (€8k/day over the past 6 months). **We reach an Equity Value of €65m for a YE25 target price of €18.0/shr (65% upside).**

Cuatroochenta DCF valuation

DCF Analysis	2025e	2026e	2027e	2028e	2029e	2030e	2031e	T. Value
FCFF	**1.4**	**1.8**	**2.3**	**3.1**	**4.0**	**4.9**	**5.8**	**5.7**
Discount factor	1.0	1.1	1.2	1.3	1.4	1.5	1.7	1.7
PV FCFF	**1.4**	**1.6**	**1.9**	**2.4**	**2.8**	**3.2**	**3.4**	**49.2**
EV (25e-31e)	16.8	25%						
EV - Terminal value	49.2	75%						
Total EV	**65.9**							
(-) Net debt 24e (ex-convertibles)	3.4							
(+) 50% stake in Pavabits/Matrix	2.5	2024e book value						
(+) Other Financial Assets	0.5	Book value						
Total Equity	**65.4**							
Current Nº of shares (m shares)	2.7							
Convertible shares (m shares)	0.2	€3.2m at €18/shr						
Fair value (€/shr)	**22.5**							
(-) Liquidity disc (20%) €/Shr	4.5							
Target Price (€/shr)	**18.0**							

DCF Assumptions: 9.0% WACC for both the explicit period and the terminal value and 2% LT Growth rate "g"
Source: JB Capital estimates

Recommendation

We initiate coverage of Cuatroochenta with a Buy rating and a €18.0/shr target price. At 10.5x 2025e EV/EBITDA, Cuatroochenta trades at a significant discount to peers focused on software and IT services (c. 17x), offering an attractive entry point given its double-digit growth profile, high recurring revenues (c. 70% of sales) and margin expansion potential.

APPENDIX – Additional information on comparable peers

Cybersecurity

- **CrowdStrike (US, €86bn market cap)** is a leading global cybersecurity company specializing in endpoint protection, threat intelligence and proactive security solutions. Founded in 2011 and headquartered in Austin, Texas, its AI-powered Falcon platform protects organisations from cyber threats like ransomware and malware.

- **Cloudflare (US, €39bn market cap)** designs and develops software solutions to enhance the performance, security and reliability of internet applications. Founded in 2009 and headquartered in San Francisco, it offers services such as web application firewalls, DDOS protection and content delivery.

Application Software / IT service companies

- **SAP (DE, €312bn market cap)** is a global leader in enterprise applications and business AI. Its products include enterprise resource management, supply chain management, procurement and enterprise resource planning software, among others. Overall, the cloud accounts for c. 45% of the company's revenue, followed by software licenses and support with more than 40% and services at c. 15%. By region, the company generates 45% of its revenue in the EMEA region, 40% in the Americas and about 15% from the APJ region. Founded in 1972, the company is headquartered in Walldorf, Germany, and has more than 107k employees worldwide.

- **Salesforce (US, €297bn market cap)** is a global leader in customer relationship management technology, bringing companies and their customers together. The company's customers come from various industries, such as financial services, healthcare and life sciences, manufacturing, automotive and government. Its subscription and support segment accounts for c. 95% of its revenue, with the rest coming from professional and other services. Salesforce generates 67% of its revenue in the Americas, 23% in Europe and 10% in the APAC region.

- **Intuit (US, €165bn market cap)** provides business management and payroll processing, personal finance, and tax preparation and filing software solutions to SMEs, accountants and self-employed customers worldwide. It operates through four segments: Small Business & Self-Employed (60% of revenues), Consumer segment (15%), Credit Karma (10%) and ProTax (5%). Most of its revenue is generated in North America (the US and Canada), with international revenue accounting for c. 10% of the total.

- **Sage Group (UK, €15.6bn market cap)** develops, publishes and distributes accounting and payroll software for personal computer systems. The company primarily serves small and midsized clients. It offers software applications for billing, business intelligence, business management, CRM, financial management and HR management. It generates about 55% of its revenue in Europe and Africa. It was founded in 1981 and is headquartered in Newcastle, UK.

- **EPAM (US, €12.6bn market cap)** a leading provider of digital platform engineering, cloud and AI-enabled transformation services. The company combines software engineering with customer experience design, consulting, strategy and technology innovation services in areas such as cloud platforms, cybersecurity and AI. EPAM serves six industry groups: Financial Services, Travel & Consumer, Business Information and Media, Software & Hi-Tech, Life Sciences & Healthcare and Emerging Verticals. About 60% of sales are generated in North America and c. 40% in Europe. The Group employs c. 50K professionals, founded in 1993 and is headquartered in Newtown, PA (US).

- **Globant (US, €9.1bn market cap)** is a technology company that offers software development services, IT consulting and digital transformation. The company provides engineering, design, and innovation services for clients throughout North America (c. 56% of revenue), Latin America (22%) and Europe (c. 18%). It was founded in Argentina in 2003, is headquartered in Luxembourg and listed on the US NYSE.

- **Reply (IT, €5.7bn market cap)** is an Italian-based company specialised in consulting, system integration and digital services. Its offers cover three areas of competence: Processes, Applications and Technologies. Regarding verticals, Reply offers its services in Telco and Media, Banking Insurance and Financial Institutions (c. 25% of revenue), Manufacturing and Retail, Energy and Utilities, Government and Defence. Reply uses new technology and communication systems such as artificial intelligence, big data, cloud computing, digital communication, internet of things, mobile and social networking.

- **Sopra Steria (FR, €3.4bn market cap)** provides consulting, digital and software development services. The company offers strategic advice, analytics, cloud, IoT, networking and security solutions. It operates in 30 countries and has more than 52k employees. In 2023, Sopra Steria generated 48% of its activities in France, 19% in the UK, 31% in the Rest of Europe and 2% in the Rest of the World.

- **Endava (€1.8bn market cap)** offers software engineering, cloud transformation, test automation and technology consulting. It serves the finance, insurance and healthcare, retail and consumer goods, media and communication industries. Endava´s core activity is concentrated in the UK and North America (33% of sales each), while Europe and Row represent 26% and 8%, respectively. Endava is strongly biased towards payments, financial services and TMT; these segments represent more than 70% of its revenues. The Group develops its operations with the help of its 12k operational employees.

- **Nagarro (DE, €1bn market cap)** is a German corporate that offers enterprise and application lifecycle solutions, infrastructure management, digital commerce, IOT, product engineering and consulting services. The Group operates in 37 countries and counts with more than 17k employees. Nagarro generated 36% of its 9M24 revenues in North America, 28% in Central Europe, 23% in RoW and 12% in the Rest of Europe.

Spanish IT companies (listed on BME Growth)

- **Izertis (Buy, TP €12.3; ES, €270m market cap)** is a Spanish IT consulting company operating in the IT services industry. It offers an extended portfolio of solutions to digitalize enterprises and improve their business models, processes and operations. It employs more than 1,800 people (89% in Spain, 11% in other countries) and has offices in 5 countries. About 83% of the company's turnover comes from Spain, although it currently operates in more than 30 countries. Besides Spain, its most important markets are Portugal and Mexico, which account for almost 8% of its sales.

- **Agile Content (Buy, TP €6.0; ES, €67m market cap)** is a software company specialising in the development of software and cloud-based solutions for the infrastructure needed to provide pay TV and video streaming services, mainly for telecom and media companies. With a complete portfolio of scalable products, Agile covers the entire pay TV/streaming value chain—from content generation, processing and distribution to its final consumption by the end consumer. Specifically, its product portfolio ranges from SaaS applications that are sold through licenses on a transactional basis (Agile TV Technologies; 17% of 2024 revenues) and fully customizable devices such as set-top boxes (Agile Devices; 13% of 2024 revenues) to a fully managed TV service with a B2B2C business model (Agile TV Platform; 70% of 2024 revenues) with c. 880.000 managed users.

- **Facephi (Buy, TP €2.0; ES, €36m market cap)** is a technology company specialising in digital identity verification, authentication and onboarding solutions. Its software suite has expanded over the years to include multi-modal biometric capabilities that combine facial, fingerprint and voice recognition with liveness detection and document verification and a highly customizable digital identity platform. These capabilities underpin applications in eKYC (electronic Know Your Customer) processes, digital onboarding and multi-factor authentication. Over the past decade, the company has established itself as a key player within the financial services industry—where it has achieved significant market penetration. Facephi's traditional market has been LatAm—where it initially established its customer base—accounting for c. 94% of total sales.

APPENDIX II – Non-listed competitors

Regarding non-listed competitors in different segments, we highlight the following names:

- **Cybersecurity division:** Sofistic's peers include Sisap, Cyberproof, S21Sec (a Spanish cybersecurity company acquired by Thales in 2022 at 2x EV/sales from Sonae), DigiSOC, A·Sec, Soluciones Seguras, Ednon, AGT Networks and Centauri.

- **Independent Software Vendors** division: FAMA Systems' non-listed peers include Rosmiman, Fracttal and Infraspeak. These may also be considered peers for CheckingPlan's management services software. Non-listed peers for CheckingPlan's time-tracking software segment include Sesame, Factorial, Bixpe, Bizneo and Control Laboral, among others.

- **Value-Added Resellers:** Ekamat's main non-listed competitors are developers and partners of other ERP systems. Notable partners of Microsoft Dynamics 365 Business Central include Prodware, Arbentia, Olivia, Aitana and Ibermática. Additionally, regarding other partners of Zoho in Spain, similar to Cuatroochenta's Conpas, there are companies such as Apps Implantadores, Bimind, Sagitaz and Millenials. However, Conpas is the premium partner of Zoho in Spain due to its revenue generation, team certification and growth in developing Zoho-based solutions.

- **Value-Added Services:** Cuatroochenta competes across several segments, such as custom software development, mobile applications, mobility solutions and retail. In this market, comparable companies often include other software technology firms focused on custom solutions or specific industries such as mobility and healthcare. Some non-listed comparable companies include Everis (an IT service firm that is part of NTT Data) and various local IT consulting firms specialising in custom developments for sectors such as food, mobility and retail.

P&L

€m	2020a	2021a	2022a	2023a	2024e	2025e	2026e
Revenues	7	14	19	23	27	31	35
EBITDA	1	1	1	2	3	3	4
Depreciation	-1	-1	-2	-2	-2	-2	-1
Provisions	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
EBIT	0	0	0	0	1	2	3
Net financial result	0	0	0	-1	-1	-1	-1
Associates	0	0	0	0	0	1	1
Non-recurrent results & others	0	0	0	0	0	0	0
PBT	-1	0	-1	0	1	2	3
Taxes	0	0	0	0	0	0	-1
Results from discontinued operations	0	0	0	0	0	0	0
Minorities	0	0	0	0	0	0	0
Net Attributable profit	0	0	-1	0	1	1	2

BALANCE SHEET

€m	2020a	2021a	2022a	2023a	2024e	2025e	2026e
Tangible assets	0	0	1	1	1	1	1
Intangible assets	9	14	17	16	16	15	15
Financial assets & Associates	0	0	2	2	3	3	4
Other L/T assets	0	0	0	0	0	0	0
Inventories	0	0	0	0	0	0	0
Account Receivable	3	4	6	6	7	8	9
Other S/T assets	0	1	2	3	3	3	3
Cash & cash equivalents	5	4	4	2	4	5	6
TOTAL ASSETS	17	23	32	31	32	34	37
Shareholders' equity	5	4	10	10	11	12	15
Minority interests	0	0	0	0	0	0	0
L/T Financial debt	3	6	5	5	5	5	5
L/T Provisions	0	0	0	0	0	0	0
Other L/T liabilities	2	2	6	5	5	5	5
S/T Financial debt	4	9	9	10	10	10	10
Accounts payable	0	1	1	1	2	2	3
Other S/T liabilities	2	1	0	0	0	0	0
TOTAL LIABILITIES	17	23	32	31	32	34	37

Source: Company data, FactSet and JB Capital estimates

CASH FLOW STATEMENT

€m	2020a	2021a	2022a	2023a	2024e	2025e	2026e
EBITDA	1	1	1	2	3	3	4
Net financial result	0	0	0	0	-1	-1	-1
Dividends collected	0	0	0	0	0	0	0
Taxes	0	0	0	0	0	0	-1
Change in Working Capital	-1	1	-1	0	0	-1	-1
Other CF from operations	0	0	0	0	0	0	0
Cash Flow from Operations	**0**	**2**	**0**	**2**	**2**	**2**	**2**
CAPEX	-3	-6	-4	-1	-1	-1	-1
Disposals	0	0	0	0	0	0	0
Financial investments	0	1	1	0	0	0	0
Other CF from investments	0	0	0	0	0	0	0
Cash Flow from Investments	**-3**	**-5**	**-4**	**-1**	**-1**	**-1**	**-1**
Dividends	0	0	0	0	0	0	0
Change in capital stock	2	0	7	0	0	0	0
Treasury stock variation	0	0	0	0	0	0	0
Debt variation (net)	3	2	-2	-2	0	0	0
Other CF from financing	0	0	0	0	0	0	0
Cash Flow from Financing	**5**	**3**	**4**	**-2**	**0**	**0**	**0**
Exchange rate effect	0	0	0	0	0	0	0
Net increase in cash & cash equivalents	**2**	**0**	**0**	**-1**	**1**	**1**	**1**
Net debt variation	**3**	**4**	**0**	**0**	**-1**	**-1**	**-1**

Per share data/ Leverage/ Profitability/ Valuation

	2020a	2021a	2022a	2023a	2024e	2025e	2026e
Last price (€)	27.4	18.0	9.4	7.0	11.1	10.9	10.9
Number of shares (m)	2	2	3	3	3	3	3
Market capitalization (€m)	44	43	39	25	30	30	30
Net Debt	3	7	8	8	6	5	4
EV (€)	47	51	47	32	36	35	34
EPS (€)	-0.20	-0.09	-0.40	0.06	0.25	0.53	0.81
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ND/EBITDA (x)	5.7	5.2	5.7	3.7	2.4	1.6	1.0
ND/(Equity + ND) (%)	35.7	61.9	42.7	42.6	36.7	30.4	21.9
EBITDA margin (%)	7.2	10.0	7.1	9.0	10.1	11.0	11.9
EBIT margin (%)	-1.6	0.2	-2.4	1.9	3.6	6.0	7.8
ROE (%)	-8.3	-4.6	-10.8	1.7	6.1	11.5	15.0
ROCE (pre-tax) (%)	-1.0	0.2	-2.1	2.2	4.7	8.2	11.4
EV/EBITDA	91.4	36.3	35.0	15.6	13.5	10.5	8.1
EV/EBIT	nm	2,212.1	nm	73.8	37.6	19.4	12.2
FCFe yield (%)	nm	nm	nm	2.8	4.4	3.2	4.4
FCF/EV (%)	nm	nm	nm	3.9	5.5	4.4	5.6
P/E	nm	nm	nm	139.6	43.9	20.7	13.5
P/CF	236.9	37.3	57.0	13.6	12.4	10.0	8.2
P/B	8.3	9.8	3.9	2.4	2.7	2.4	2.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, FactSet and JB Capital estimates

PROFITABILITY

FY End Dec (%)	2020a	2021a	2022a	2023a	2024e	2025e	2026e
Gross Margin	71.2	72.6	71.6	67.8	64.7	62.9	61.0
EBITDA Margin	7.2	10.0	7.1	9.0	10.1	11.0	11.9
EBIT Margin	-1.6	0.2	-2.4	1.9	3.6	6.0	7.8
EBT Margin	-7.7	-0.9	-3.6	1.3	2.8	5.7	7.8
Net Margin	-6.2	-1.5	-5.8	0.8	2.6	4.7	6.2
Return on Assets	nm	nm	nm	0.6	2.1	4.2	6.0
Return on Equity	-8.3	-4.6	-10.8	1.7	6.1	11.5	15.0
Return on Capital Employed	-1.0	0.2	-2.1	2.2	4.7	8.2	11.4
Return on Investment	-5.1	-1.4	-4.8	-1.3	0.0	2.5	4.4

VALUATION

FY End Dec (x)	2020a	2021a	2022a	2023a	2024e	2025e	2026e
P/E	nm	nm	nm	139.6	43.9	20.7	13.5
P/E (diluted)	nm	nm	nm	148.7	46.7	22.0	14.4
P/BVPS	8.3	9.8	3.9	2.4	2.7	2.4	2.0
P/Tangible BVPS	8.3	9.8	3.9	2.4	2.7	2.4	2.0
P/CFPS	236.9	37.3	57.0	13.6	12.4	10.0	8.2
P/FCFPS	nm	19.2	nm	12.1	14.1	15.7	12.4
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Div payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV	47	51	47	32	36	35	34
EV/Sales	6.5	3.6	2.5	1.4	1.4	1.2	1.0
EV/EBIT	nm	2,212.1	nm	73.8	37.6	19.4	12.2
EV/EBITDA	91.4	36.3	35.0	15.6	13.5	10.5	8.1
Net Debt/EBITDA	5.7	5.2	5.7	3.7	2.4	1.6	1.0
FCFe yield (%)	nm	nm	nm	2.8	4.4	3.2	4.4
FCF / EV (%)	nm	nm	nm	3.9	5.5	4.4	5.6
Net Debt /(Equity + Net Debt)	35.7	61.9	42.7	42.6	36.7	30.4	21.9

Source: Company data, FactSet and JB Capital estimates

DISCLAIMER

Investors should only consider this report as one of many factors in making their investment decision. No person accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith. JB Capital Markets, S.V., S.A.U. ("JB Capital") is the entity responsible for the production of this Research Report and its content, regulated and supervised by the National Securities Market Commission (CNMV), in whose Official Register of Companies and Securities Agencies it is registered under number 229. JB Capital is qualified to carry out financial intermediation activities in Portugal and the rest of the European Economic Area through the freedom to provide services under the supervision of CNMV.

Prices of securities correspond to the close price of the last trading day prior to the date of this report.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David López Sánchez (Equity Research Analyst).

The Analyst(s) are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer and that therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

For Entities and Clients in the United States

JB Capital is not a U.S. resident and is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. JB Capital is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. JB Capital distributes research and engages in other approved activities with respect to U.S. Institutional investors through SEC 15a-6 exemption rules under an exclusive chaperone agreement with Brasil Plural Securities LLC ("BPS"). JB Capital is not registered as a broker dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). BPS is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

This research report is only being offered to Major U. S. Institutional Investors and is not available to, and should not be used by, any U. S. person or entity that is not a Major U. S. Institutional Investor. A Major U. S. Institutional Investor who may receive and use this report must have assets under management of more than US $100,000,000 and is either an investment company registered with the SEC under the U. S. Investment Company Act of 1940, a U.S. bank or savings and loan association, business development company, small business investment company, employee benefit plan as defined in SEC Regulation D, a private business development company as defined in SEC Regulation D, an organization described in U. S. Internal Revenue Code Section 501(c)(3) and SEC Regulation D, a trust as defined in SEC Regulation D, or an SEC registered investment adviser or any other manager of a pooled investment vehicle. JB Capital cannot and will not accept orders for the securities covered in this research report placed by any person or entity in the United States that is a recipient of this research report. Orders should be placed with our correspondent chaperone, BPS.

The Research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investors client feedback, stock picking and overall firm revenues. This report is not being issued to private customers.

For Entities and Clients in the United Kingdom

JB Capital has exited the U.K. Temporary Permissions Regime ("TPR") with respect to the services we provide in the U.K. The TPR was introduced by the U.K. authorities to enable EEA-based firms that were passported into the U.K. pre-Brexit (whilst the U.K. was still part of the EU single market) to continue to benefit from similar passporting and access rights in the U.K. for a temporary period post-Brexit. Upon exiting the TPR, JB Capital has not applied to the U.K. Financial Conduct Authority for authorisation to carry on regulated activities in the U.K. This is because we rely on the Overseas Persons Exemption ("OPE") under the U.K. FSMA Regulated Activities Order 2000 ("RAO"). The OPE allows international firms to operate in the U.K. without FCA authorisation provided they meet certain conditions. To ensure that we are able to benefit from the OPE on an ongoing basis for any potentially U.K.-regulated activities, JB Capital has controls in place to limit our overall U.K. activities and the services that we provide in the UK.

This research report is only being offered to U. K. Professionals Investors and High Net Worth Companies is not available to, and should not be used by, any U. K. person or entity that is not U. K. Professionals Investors and High Net Worth Companies. A U. K. Professionals Investors and High Net Worth Companies who may receive and use this report must be: U.K. authorised persons; persons exempted from U.K. licensing; any other person whose ordinary activities involve carrying on the regulated activity to which the communication relates for its business; a government, local authority or an international organisation; and a director, officer or employee of any of the above, but only in that capacity; a body corporate with more than 20 members – if it has a share capital or net assets of at least £500,000, or if it is in the same group as an undertaking that meets this test; a body corporate with 20 members or less – if it has a share capital or net assets of at least £5 million, or if it is in the same group as an undertaking that meets this test; any unincorporated association or partnership with net assets of at least £5 million; trustee of a trust where the aggregate value of the cash and investments within the trust amount to at least £10 million, or amounted to at least £10 million anytime during the year immediately preceding the date on which the communication was first made.

JB Capital cannot and will not accept orders for the securities covered in this research report placed by any person or entity in the U.K. that is a recipient of this research report who are not authorised person by the FCA.

Stock Ratings

Different securities firms use a variety of rating terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

ANALYST STOCK RATINGS

Buy – Analyst expects material upside potential to fair value, which should be realized in the next 12 months.

Neutral- Analyst expects immaterial upside/downside potential, which should be realized in the next 12 months.

Underweight - Analyst expects material downside potential to fair value, which should be realized in the next 12 months.

The list of recommendations and the proportion of issuers covered by JB Capital that fall in each of these categories is available at www.jbcm.com/researchdisclosure.pdf.

Other Important Disclosures

This research report has been published in accordance with our conflict management policy, which is available at www.jbcm.com/conflictpolicies.pdf. In this regard, potential conflicts of interests may be raised with the persons involved on the production of the report, any person closely associated with them, or any other employee of JB Capital that is expected to have access to this report prior its completion.

The remuneration of the persons involved in preparing this report is not directly tied to transactions performed, trading fees received or services provided by companies within the group of JB Capital.

This research report is directed only at persons who can be classified as eligible counterparties or professional clients in line with the rules of the Spanish regulator. No other person should act on the contents or access the products or transactions discussed in this research report. In particular, this research report is not intended for retail clients and JB Capital will not make such products available to retail clients.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. JB Capital recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser, including tax advice. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

This report is not an offer to buy or sell any security or to participate in any trading strategy. JB Capital and/or its affiliates, officers, directors, employees and/or any other related person not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report.

JB Capital, or any of its subsidiaries, does not own a net long or short position exceeding the threshold of 0,5 % of the total issued share capital of the issuer, calculated in accordance with Article 3 of Regulation (EU) No 236/2012 and with Chapters III and IV of Commission Delegated Regulation (EU) No 918/2012.

The issuing institution under analysis does not have holdings on JB Capital 's share capital, or any of its subsidiaries.

JB Capital may sell to and buy from customers and/or may hold equity securities, other financial instruments related to equity securities and debt securities of companies covered in its research reports on a principal basis. JB Capital does and seeks to do business in the following six months with companies covered in this report and its subsidiaries and in transactions involving the latter. In this regard, JB Capital or any of its subsidiaries or tied agents may currently maintain, and may continue to maintain in the future, remunerated business relationships with some companies covered in this research report, relating to any of the following services: (i) corporate finance services agreements (ii) liquidity provider, share buyback programmes (iii) investment banking services or (iv) agent, underwriter, global coordinator or joint bookrunner in issues of financial instruments, among other possible services offered. In particular, JB Capital entered, in November 2024 into an Underwritting Agreement with Cox Abg Group, S.A. to act as joint bookrunner in its Initial Public Offering ("IPO"), which prospectus was filed registered with the CNMV on 5 November 2024. Besides, JB Capital signed a Financial Services Agreement with Oryzon Genomics, S.A. in October 2024. Furthermore, JB Capital has entered into an Underwritting Agreement with Amper, S.A. to act as global coordinator and joint bookrunner in the rights issue of Amper, S.A., as disclosed in the relevant event (*otra información relevante)* published by the Company in November 2023. In addition, JB Capital has entered into a placement agreement with Amper, S.A. to act as global coordinator and bookrunner in the bond issuance of Amper, S.A. which was disclosed in the relevant event (*otra información relevante*) published by Amper, S.A. in July 2024. Also, JB Capital informs that it has placed commercial paper for CIE Automotive S.A. under its ECP Programme. In addition, JB Capital informs that it has entered into Placement Agreements with Promotora de Informaciones S.A. (PRISA), respectively, in January 2023 and in January 2024, for participating as Joint Global Coordinator and Bookrunner in the subordinated mandatory convertible bonds issuances of Promotora de Informaciones S.A. (PRISA). The securities notes (Nota de Valores) for the offering was registered with the CNMV on January 2023. And in March 2023 JB Capital has signed an agreement as a market consultant with Novabase, SGPS, SA in its partial and voluntary tender offer announced on February 2023. Furthermore, JB Capital informs that, during the last 12 months, it has entered into a corporate access service with Agile Content, S. A. and Greenvolt – Energias Renováveis, S.A. JB Capital informs that it has signed an agreement in March 2021 with Ramada e Investimentos e Industria

S.A., in May 2020 with Atrys Health, S.A., in January 2020 with Mota-Engil, SGPS, S.A, in March 2022 Ibersol, SGPS, S.A.,in July 2022 with Parlem Telecom Companyia de Telecomunicacions, S.A., in October 2022 with Izertis, S.A., in January 2024 with GAM, General Alquiler de Maquinaria, S.A., in January 2024 with Audax Renovables, S.A., in June 2024 with Natac Natural Ingredients, S.A., in july 2024 with Soluciones Cuatroochenta, S.A., in August 2024 with Enerside Energy, S.A. and in September 2024 with Facephi Biometría, S.A. about "sponsoring research". Furthermore, JB Capital is liquidity provider of Metrovacesa S.A., Gestamp Automocion, S.A., Promotora de Informaciones S.A. (PRISA), Tubacex, S.A, Merlin Propierties Socimi, S.A., Grenergy Renovables, S.A., Soltec Power Holdings S.A, CIE Automotive, S.A.'s, Cox Abg Group, S.A.; and Pharma Mar, S.A. It carries out Ibersol, SGPS, S.A.'s, Aedas Homes, S.A.'s, Promotora de Informaciones S.A. (PRISA) CTT - Correios de Portugal, S.A.'s, Prosegur Cash, S.A., Grenergy Renovables, S.A., and Pharma Mar, S.A. buy-back programmes. Additionally, it was liquidity provider of Prosegur Cash, S.A., CIE Automotive, S.A., Pharma Mar, S.A. and Arima Real Estate Socimi, S.A. and it carried out CIE Automotive, S.A, Promotora de Informaciones S.A. (PRISA)'s, Prosegur, Compañía de Seguridad, S.A.'s, Tubacex, S.A.´s, Neinor Homes, S.A.'s, Arima Real Estate Socimi, S.A.'s and Grenergy Renovables, S.A.'s buy-back programmes. JB Capital provides brokerage services to Iberdrola S.A., Repsol S.A., Prosegur Cash S.A. and Izertis S.A. Furthermore, JB Capital has provided, may be providing and may provide in the future brokerage services, or other regulated services, to the issuers listed above and JB Capital may be involved in other programmes involving shares of the companies included in this report. As a result, investors should be aware that JB Capital may have a conflict of interest that could reasonably affect the objectivity of this research report.

JB Capital may hold information that could be considered confidential or even inside information in relation with the companies covered in its research reports or any other company of the sector.

JB Capital makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. There is no planned frequency for updating recommendations. They will be updated, among other reasons, when the financial situation or expectations on the issuer or any of the assumptions used in the valuation change. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company.

Reports prepared by JB Capital research personnel are based on public information. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other JB Capital business areas, including corporate personnel. JB Capital may have provided the issuer with sections of this report or a version of the draft research report in order to verify the accuracy of factual statements.

JB Capital research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Estimates of future performance are based on assumptions that may not be realized.

Redistribution
As a general rule, no part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of JB Capital. In this regard, JB Capital has signed a redistribution agreement for Izertis, S.A.'s ,Natac Natural Ingredients, S.A. 's, Facephi Biometría, S.A.'s and Soluciones Cuatroochenta, S.A.'s reports with Izertis, S.A. ("Izertis"), Natac Natural Ingredients, S.A. ("Natac"), Facephi Biometría, S.A. ("Facephi"), Soluciones Cuatroochenta, S.A. ("Cuatroochenta") and Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. ("BMESN") complying with the restrictions of Article 8 of Delegated Regulation 2016/958. In this respect, JB Capital informs that it has signed a sponsor research agreement with Izertis in October 2022, with Natac in June 2024, with Cuatroochenta in July 2024 and with Facephi in September 2024. .JB Capital is not responsible for the redistribution of these reports.

However, this research report may also be accessed via certain virtual platforms managed, directly or indirectly, by entities such as Visible Alpha, L.L.C. Alphasense, Inc. or Bloomberg Finance, L.P., among others. Please note, that JB Capital may have entered into one or more contribution or participation agreements with the aforementioned entities, allowing certain users authorized by JB Capital to access this research report through certain virtual platforms. For avoidance of doubt, this research report shall be considered as directly distributed by JB Capital and in no case shall be considered as distributed or redistributed by such entities managing the aforementioned virtual platforms.

As defined in our conflict management policy, potential conflicts of interests may be raised regarding the report`s redistribution. Nevertheless, to this day, no conflict of interest has been identified with BMESN.

JB Capital is responsible for identifying the date and time of distribution of the report which is reflected in the report. Izertis, Natac, Facephi, Cuatroochenta and BMESN are responsible for identifying the date and time of redistribution. JB Capital is in no case responsible for identifying the date and time of redistribution.

If a substantial alteration is made on any recommendation produced by JB Capital, the redistributor will ensure that the recommendation clearly indicates the substantial alteration in detail. To this extent, the recommendation will be updated to provide the information required in Articles 2 to 5 of the Delegated Regulation 2016/958, as referred to in previous sections of this disclaimer, and to include a reference to the place where the information regarding the original recommendation can be accessed by the persons receiving the substantially altered recommendation free of charge.

Under no circumstances the dissemination of a summary or an extract of a recommendation produced by JB Capital will be allowed.

This research report is directed only at persons who can be classified as eligible counterparties or professional clients in line with the rules of the Spanish regulator. No other person should act on the contents or access the products or transactions discussed in this research report. In particular, this research report is not intended for retail clients and JB Capital will not make such products available to retail clients. For Entities and Clients in the United States and in the United Kingdom, please refer to the relevant sections of this disclaimer. In the event that this report is read by an ineligible type of client, no person from JB Capital accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith.