

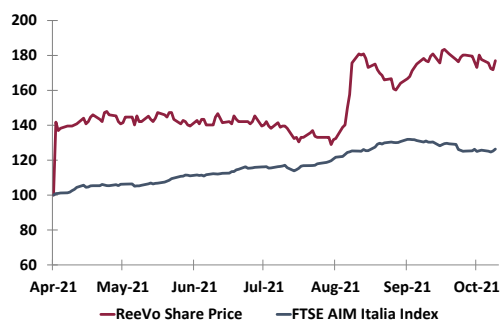


NEUTRAL

Current Share Price (€): 13.55

Target Price (€): 15.82

ReeVo - Performance since IPO



Source: S&P Capital IQ - Note: 06/04/2021 (IPO offer price) =100

Company data

ISIN number	IT0005438038
Bloomberg code	REEVO IM
Reuters code	REEVO.IM
Industry	Internet Services and Infrastructure
Stock market	AIM Italia
Share Price (€)	13.55
Date of Price	18/10/2021
Shares Outstanding (m)	4.6
Market Cap (€m)	62.3
Market Float (%)	16.2%
Daily Volume	0
Avg Daily Volume YTD	6,435
Target Price (€)	15.82
Upside (%)	17%
Recommendation	NEUTRAL

Share price performance

	1M	3M	1Y
ReeVo - Absolute (%)	-3%	32%	na
FTSE AIM Italia (%)	-2%	11%	70%
Range H/L (€) - since IPO		14.20	7.74
YTD Change (€) / %		na	na

Source: S&P Capital IQ

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Impeccable mid-year performance, running faster than expected to deliver mid-term targets

All H1 2021 indicators up, delivering on IPO promises

ReeVo generated solid revenue and EBITDA growth in H1 2021, both organically and from the recent acquisition. H1 2021 revenues were €5.3m, almost doubling H1 2020 revenues. EBITDA improved through operational leverage and cost efficiencies, reaching a 26% margin at €1.4m (vs. 19% in H1 2020). EBIT was €0.9m and net income €0.6m, 12% of revenues. TWC was stable at 8% of last12M sales. Net cash of €4.3m, from €1m net financial debt at year-end 2020, thanks to IPO proceeds. Equity was €9.4m and ROE 18%. Operating cash flow before capex at an EBITDA to cash conversion ratio of over 90%.

Network broadening and services upgrade through cutting-edge technologies

ReeVo is continuing to enrich its business partner channel. The partnerships with Tiscali, for their business and PA customers, and Attiva, as third distributor of ReeVo solutions, are additional gateways for the mid-term targets. The award from the Italian Data Protection Authority, the participation to a Consip cybersecurity tender and to the pan-European Gaia-X project indicate steps up to an upper level of reputation. The upgrades with cutting-edge technologies are steps forward the next tier of service quality.

Outlook: Emphasized need for data security and protection against cyber threats

Recent cyberattacks have renewed the attention on cybersecurity and data protection, together with increasing awareness about risks inherent to remote working. Stock prices for most of the Italian cybersecurity and tech public companies have experienced a strong run upwards and started trading at healthier valuations. Moreover, Italy's government is working to setup a centralized cloud and cybersecurity unit to better protect the country's PA digital network from criminal attacks.

Profitability over expectations and a business model that proves to work

We deem H1 2021 results as overall consistent with our year-end projections and we notice partnerships selected to qualify the offer at a higher level. This is reinforcing our assumptions of mid-term growth and profitability on the high side of industry standards, possibly with room for faster growth.

Trading update

Since the IPO on AIM Italia (April 2021), ReeVo shares gained 75% and traded in the range €7.74-14.20, above the IPO offer price and outperforming the AIM Italia index.

Target Price €15.82 per share (from €12.32), NEUTRAL recommendation confirmed

Our updated valuation indicates a target price of €15.82, 17% upside on the current price of €13.55 and over 100% on the IPO offer price of €7.74. We confirm the NEUTRAL rating on the stock.

Key financials and estimates

€m	2019	2020PF	2021E	2022E	2023E
Revenues	4.9	9.3	11.7	18.3	23.8
EBITDA	0.7	1.8	3.0	5.3	7.3
Margin	15%	20%	26%	29%	31%
Net Income	0.3	0.8	1.4	2.7	3.7
Net (Debt) Cash	(1.2)	(1.0)	4.8	6.1	8.1
Equity	0.9	3.7	9.9	12.6	16.2

Source: Company data 2019-20PF, EnVent Research 2021-23E

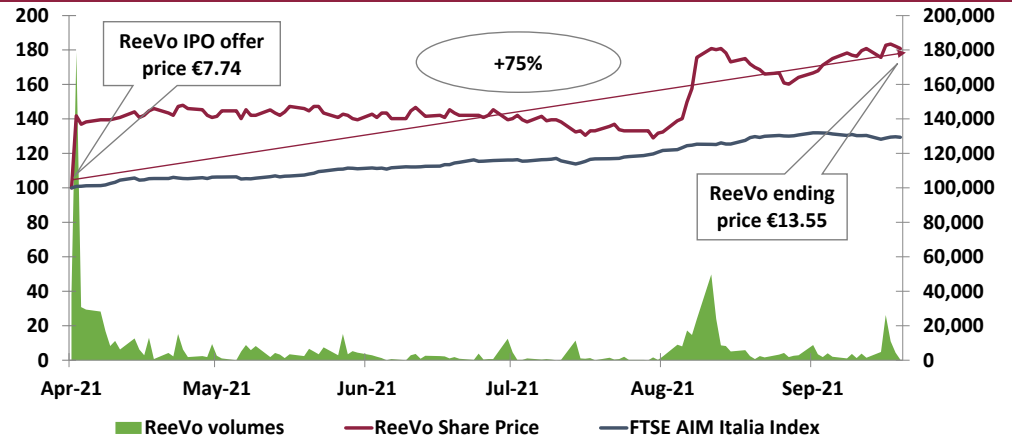
Market update: outperformance

Trading price range €7.74-14.20 per share

Performance above AIM Italia index

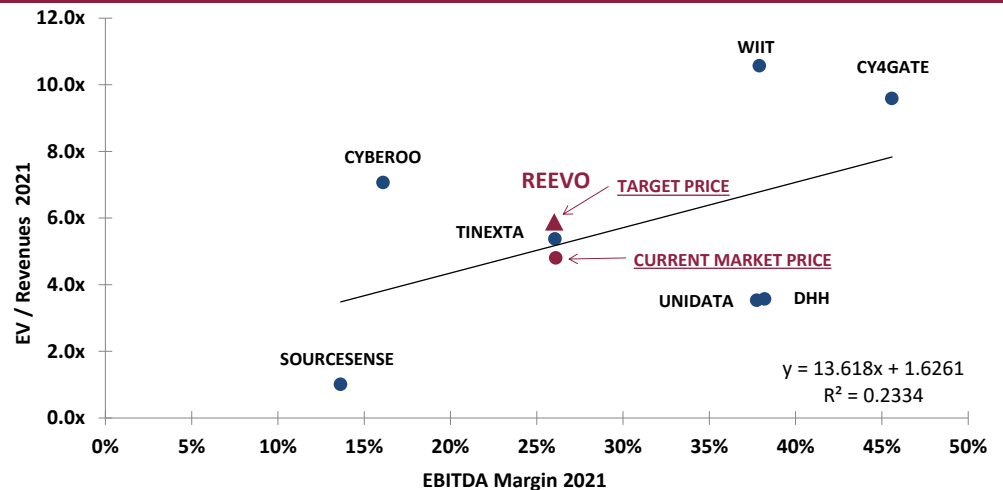
Stock price rise and high trading volumes in August after a cyberattack to a regional IT system

ReeVo - Share price performance and trading volumes since IPO



Source: EnVent Research on S&P Capital IQ - Note: 06/04/2021 (IPO offer price)=100

Peer group - Regression analysis and ReeVo target positioning



Source: EnVent Research on S&P Capital IQ, October 2021

Exemplary performance: sales 80% up, 26% EBITDA margin, healthy financial position and cash generation

Per-capita revenues from €200k to €250k

All operating margins at sound double-digit ratios

In H1 2021 ReeVo generated €5.3m consolidated revenues, +81% on H1 2020, including the consolidation of ReeVo MSP since July 2020. Like-for-like revenue growth was 27% on H1 2020 pro-forma revenues. Per-capita revenues were over €250k, from 200k in FY20. Materials and services were in the region of 30% of sales. Personnel cost more than doubled at €1m, after the addition of ReeVo MSP staff and new hiring. The total workforce was 41 people at June 2021. Overall, operating costs increased by a lower 66%, bringing EBITDA at €1.4m, 26% margin (vs. 19% in H1 2020, +141% on H1 2020, +86% like-for-like). EBIT was €0.9m (17% margin vs. 9% in H1 2020). Net Income was €0.6m, a sound 12% of revenues.

On the balance sheet side, Trade Working Capital of €0.8m was stable at 8% of LTM

Healthy balance sheet

sales. Net cash of €4.3m, from €1m net financial debt at year-end 2020, thanks to IPO proceeds. Equity was €9.4m, 18% ROE.

EBITDA conversion into cash flow before capex over 90%

Operating cash flow before capex at an EBITDA cash conversion ratio of over 90%. Capital expenditure was ca. €1m, mostly invested in equipment.

Consolidated Profit and Loss

€m	H1 2020	H1 2021
Sales	2.8	5.1
Capitalization of R&D costs	0.0	0.2
Other income	0.1	0.0
Total Revenues	2.9	5.3
YoY %	-	81%
Materials	(1.3)	(1.5)
Services	(0.6)	(1.4)
Personnel	(0.4)	(1.0)
Other operating costs	(0.1)	(0.0)
Operating costs	(2.4)	(4.0)
EBITDA	0.6	1.4
Margin	19%	26%
D&A	(0.3)	(0.5)
EBIT	0.3	0.9
Margin	9%	17%
Interest	(0.0)	(0.0)
EBT	0.2	0.9
Margin	8%	16%
Income taxes	(0.1)	(0.2)
Net Income (Loss)	0.2	0.6
Margin	6%	12%

Source: Company data

Consolidated Balance Sheet

€m	2020	H1 2021
Trade receivables	1.7	1.7
Trade payables	(1.1)	(1.0)
Trade Working Capital	0.6	0.8
Other assets (liabilities)	(0.2)	(0.5)
Net Working Capital	0.4	0.2
Intangible assets	0.8	0.9
Goodwill	2.0	2.0
Right-of-use assets	1.0	0.9
Property, plant and equipment	1.2	1.8
Equity investments and financial assets	0.1	0.1
Non-current assets	5.0	5.7
Provisions	(0.8)	(0.8)
Net Invested Capital	4.6	5.1
Financial debt	2.1	1.8
Lease liability	0.9	0.8
Cash and equivalents	(2.0)	(6.8)
Net Debt (Cash)	1.0	(4.3)
Equity	3.7	9.4
Sources	4.6	5.1

Consolidated Cash Flow

€m	H1 2021
EBIT	0.9
Current taxes	(0.2)
D&A	0.5
Provisions	(0.0)
Cash flow from P&L operations	1.1
Trade Working Capital	(0.1)
Other assets and liabilities	0.3
Operating cash flow before capex	1.3
Capex	(1.1)
Operating cash flow after working capital and capex	0.2
Interest	(0.0)
Equity investments and financial assets	(0.0)
IPO proceeds	4.8
Changes in Equity	0.2
Net cash flow	5.2
Net (Debt) Cash - Beginning	(1.0)
Net (Debt) Cash - End	4.3
Change in Net (Debt) Cash	5.2

Source: Company data - Note: H1 KPIs calculated on LTM economics

Ratio analysis

	H1 2021
ROE	18%
ROS	18%
DSO	91
DPO	101
TWC/Sales	8%
NWC/Sales	2%
Net Debt / EBITDA	cash
Net Debt / Equity	cash
Net Debt / (Net Debt+Equity)	cash
Operating cash flow before capex/EBITDA	93%
Per-capita revenues (€k)	256
Per-capita costs (€k)	43

Business update: cutting-edge technologies and broader network

Award from the Italian Data Protection Authority

- Award from the Italian Data Protection Authority for 12-month management of cloud backup as-a-service

Insurance coverage

- Addition to its cloud services of a customers' insurance coverage bundle for damages suffered in case of cyberattacks. Partnership with BLUE Underwriting-AIG Europe.

Partnership with Tiscali, 4th data center

- Multi-year partnership to supply Tiscali (Italian telco) business customers and local PA of cloud and cybersecurity services. The addition of a fourth Tier IV data center in Sardinia, Italy will also support the growth of the customer base, through a new access point to cloud services and a further backup and disaster recovery facility.

Third distributor engaged

- Addition of a third distributor, Attiva, with an exclusivity agreement for ReeVo cloud, hybrid cloud and cybersecurity solutions. Based on our perception of size of distributors' revenues, the higher market penetration potential could be assumed in the region of 30-40%.

Pan-European project for a federated and secure data infrastructure

- ReeVo joined the pan-European Gaia-X project for the establishment of a federated and secure data infrastructure, whose members are committed to adopt common technical standards on cloud infrastructure and services. The ultimate purpose of the initiative is to ensure control and protection of European digital sovereignty.

AI technology added to cybersecurity offer

- ReeVo, through a partnership with Darktrace, a LSE listed AI and Cybersecurity global provider, is integrating AI technology into cybersecurity services

Upgrade of data centers software

- Upgrade of the technology for data protection from natural disasters and ransomware, through continuous copies transfers among ReeVo data centers. Relevant data software is supplied by NetApp, a global provider of software for data management.

Tender on cybersecurity and compliance services for Italian PA

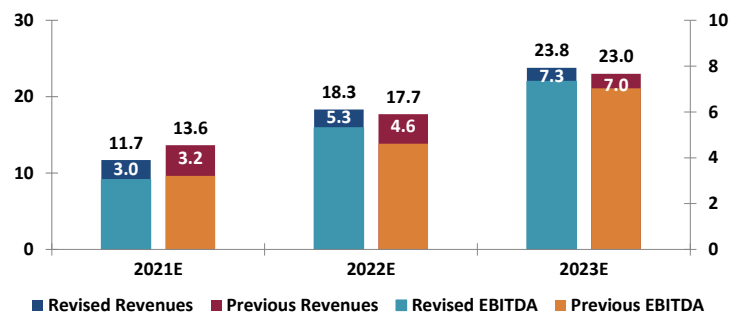
- ReeVo is among participants to a Consip (Government agency for Public Administration procurements) tender on the cybersecurity and compliance services for Italian Public Administration, within the PNRR initiative

Outlook and estimates: maintaining our mid-term guidance

After a successful IPO, the H1 2021 financial profile proved to be solid and the customer base fast-growing. We expect ReeVo to ride as promised an energetic and rapidly expanding market, which is sending signals of considering cloud and cybersecurity digital transition as a priority. Management communication is stressing the acceleration of growth through seeking market opportunities and focus on development and diversification of ReeVo technology and offer. The business model based mainly on recurring revenues and variable costs helps visibility of revenue targets and is currently delivering rewarding margins at the top of industry standards and backup to sustain expected investments.

We have updated our 2021E estimates, based on H1 results signals. More in depth, we have slightly adjusted downwards our revenue projection, while we have factored in lower operating costs leading to an upsurge in profitability indicators.

Change in estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenues	11.7	18.3	23.8	13.6	17.7	23.0	-14%	3%	3%
EBITDA	3.0	5.3	7.3	3.2	4.6	7.0	-5%	15%	4%
<i>Margin</i>	26%	29%	31%	24%	26%	31%			
EBIT	2.0	3.8	5.2	2.2	3.3	5.3	-9%	16%	-2%
<i>Margin</i>	17%	21%	22%	16%	18%	23%			
Net Income	1.4	2.7	3.7	1.5	2.3	3.8	-10%	16%	-2%
Net (Debt) Cash	4.8	6.1	8.1	6.0	7.8	10.9			

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2019	2020	2021E	2022E	2023E
Sales	4.8	7.8	11.2	17.6	22.9
Capitalization of R&D costs	0.1	0.2	0.4	0.6	0.8
Other income	0.1	0.1	0.1	0.1	0.1
Total Revenues	4.9	8.1	11.7	18.3	23.8
<i>YoY %</i>	16.5%	64.0%	44.6%	56.5%	29.8%
Materials	(2.1)	(2.7)	(3.6)	(5.7)	(7.4)
Services	(1.5)	(2.4)	(3.0)	(4.9)	(6.4)
Personnel	(0.5)	(1.2)	(1.9)	(2.2)	(2.4)
Other operating costs	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Operating costs	(4.2)	(6.4)	(8.7)	(13.0)	(16.4)
EBITDA	0.7	1.7	3.0	5.3	7.3
<i>Margin</i>	15.1%	20.8%	26.1%	29.0%	30.9%
D&A	(0.4)	(0.7)	(1.1)	(1.5)	(2.2)
EBIT	0.4	1.0	2.0	3.8	5.2
<i>Margin</i>	7.2%	12.1%	16.8%	20.7%	21.8%
Interest	0.0	(0.1)	(0.1)	(0.1)	(0.1)
EBT	0.4	0.9	1.9	3.7	5.1
<i>Margin</i>	7.7%	11.5%	16.4%	20.4%	21.5%
Income taxes	(0.1)	(0.2)	(0.5)	(1.0)	(1.4)
Net Income	0.3	0.7	1.4	2.7	3.7
<i>Margin</i>	5.4%	8.4%	11.8%	14.7%	15.5%

Source: Company data 2019-20A, EnVent Research 2021-23E

Consolidated Balance Sheet

€m	2019	2020	2021E	2022E	2023E
Trade receivables	1.1	1.7	2.1	3.3	4.3
Trade payables	(1.0)	(1.1)	(1.3)	(2.0)	(2.6)
Trade Working Capital	0.1	0.6	0.8	1.3	1.6
Other assets (liabilities)	0.1	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital	0.2	0.3	0.6	1.0	1.4
Intangible assets	0.4	0.8	1.6	2.8	4.2
Goodwill	0.0	2.0	1.8	1.6	1.4
Right-of-use assets	0.9	1.0	0.7	0.5	0.3
Property, plant and equipment	0.6	1.2	1.5	1.9	2.4
Equity investments and financial assets	0.1	0.1	0.1	0.1	0.1
Non-current assets	2.0	5.0	5.7	6.9	8.3
Provisions	(0.2)	(0.8)	(1.3)	(1.5)	(1.6)
Net Invested Capital	2.1	4.6	5.0	6.5	8.1
Financial debt	0.9	2.1	2.1	2.1	2.1
Lease liability	0.8	0.9	0.9	0.9	0.9
Cash and equivalents	(0.5)	(2.0)	(7.9)	(9.1)	(11.1)
Net Debt (Cash)	1.2	1.0	(4.8)	(6.1)	(8.1)
Equity	0.9	3.7	9.9	12.6	16.2
Sources	2.1	4.6	5.0	6.5	8.1

Source: Company data 2019-20A, EnVent Research 2021-23E

Consolidated Cash Flow

€m	2020	2021E	2022E	2023E
EBIT	1.0	2.0	3.8	5.2
Current taxes	(0.2)	(0.5)	(1.0)	(1.4)
D&A	0.7	1.1	1.5	2.2
Provisions	0.6	0.5	0.2	0.1
Cash flow from P&L operations	2.1	3.0	4.5	6.0
Trade Working Capital	(0.5)	(0.2)	(0.4)	(0.4)
Other assets and liabilities	0.4	0.0	0.0	0.0
Operating cash flow before capex	2.0	2.8	4.0	5.7
Capex	(3.7)	(1.8)	(2.7)	(3.6)
Operating cash flow after working capital and capex	(1.8)	1.0	1.3	2.1
Interest	(0.1)	(0.1)	(0.1)	(0.1)
Paid-in Capital - IPO proceeds 2021	2.1	4.8	0.0	0.0
Net cash flow	0.2	5.8	1.2	2.0
Net (Debt) Cash - Beginning	(1.2)	(1.0)	4.8	6.1
Net (Debt) Cash - End	(1.0)	4.8	6.1	8.1
Change in Net Debt (Cash)	0.2	5.8	1.2	2.0

Source: Company data 2020A, EnVent Research 2021-23E

Ratio analysis

	2019	2020	2021E	2022E	2023E
ROE	29%	19%	14%	21%	23%
ROS (EBIT/Sales)	7%	13%	18%	21%	23%
DSO	70	65	56	56	56
DPO	83	62	56	56	56
TWC/Sales	2%	8%	7%	7%	7%
NWC/Sales	5%	4%	5%	6%	6%
Operating cash flow before capex/EBITDA	na	117%	91%	76%	77%
Per-capita revenues (€k)	369	205	179	244	288

Source: Company data 2019-20A, EnVent Research 2021-23E

Valuation

We have updated our DCF valuation and market multiples.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 1.2% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, October 2021)
- Market return: 12.4% (3Y average. Source: Bloomberg, October 2021)
- Market risk premium: 11.2%
- Beta: 0.9 (Median of industry peers. Source: Bloomberg)
- Cost of equity: 10.7%
- Cost of debt: 2.5%
- Tax rate: 24% IRES
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 7.2%, according to above data
- Perpetual growth rate after explicit projections 3%
- Terminal Value assumes EBITDA margin at 27% and EBIT margin at 18%

DCF Valuation

€m	2019	2020	2021E	2022E	2023E	Perpetuity
Revenues	4.9	8.1	11.7	18.3	23.8	24.5
EBITDA	0.7	1.7	3.0	5.3	7.3	6.6
<i>Margin</i>	<i>15%</i>	<i>21%</i>	<i>26%</i>	<i>29%</i>	<i>31%</i>	<i>27%</i>
EBIT	0.4	1.0	2.0	3.8	5.2	4.5
<i>Margin</i>	<i>7%</i>	<i>12%</i>	<i>17%</i>	<i>21%</i>	<i>22%</i>	<i>18%</i>
Taxes	(0.1)	(0.3)	(0.5)	(1.1)	(1.4)	(1.3)
NOPAT	0.3	0.7	1.4	2.7	3.7	3.3
D&A		0.7	1.1	1.5	2.2	2.1
Provisions		0.6	0.5	0.2	0.1	0.1
Cash flow from operations		2.0	3.0	4.4	6.0	5.5
Trade Working Capital		(0.5)	(0.2)	(0.4)	(0.4)	(0.2)
Capex		(3.7)	(1.8)	(2.7)	(3.6)	(2.1)
Other assets and liabilities		0.4	0.0	0.0	0.0	0.0
Yearly unlevered free cash flow		(1.8)	1.0	1.3	2.1	3.2
- H1 unlevered free cash flow			(0.2)			
Free cash Flow to be discounted			0.8	1.3	2.1	3.2
WACC	7.2%					
Long-term growth (G)	3.0%					
Discounted Cash Flows			0.8	1.1	1.8	
Sum of Discounted Cash Flows	3.7					
Terminal Value						77.3
Discounted TV	65.0					
Enterprise Value	68.7					
Net Cash as of 30/06/21	4.3					
Minorities as of 30/06/21	(0.2)					
Equity Value	72.7					

Source: EnVent Research

DCF - Implied multiples	2020	2021E	2022E	2023E
EV/Revenues	8.5x	5.9x	3.7x	2.9x
EV/EBITDA	40.7x	22.5x	12.9x	9.4x
EV/EBIT	70.0x	34.9x	18.2x	13.3x
P/E	106.4x	52.8x	27.1x	19.7x

Current market price - Implied multiples	2020	2021E	2022E	2023E
EV/Revenues	7.2x	5.0x	3.2x	2.4x
EV/EBITDA	34.6x	19.1x	11.0x	7.9x
EV/EBIT	59.4x	29.6x	15.4x	11.3x
P/E	91.2x	45.2x	23.2x	16.9x

Discount -15%

Source: EnVent Research

Market multiples

We have critically reviewed our peer group, based on size, revenue model and business mix criteria. Our updated peer panel is made of Italian cloud and cybersecurity companies whose comparability with ReeVo is deemed fair.

We have applied mean and median market multiples of the Italian cloud and cybersecurity peer group, using data which derive from 2Y analyst consensus.

Since certain profitability-based multiples show excessive inconsistency, because of loss-making performances, we rely mainly on EV/Revenues multiples.

Application of market multiples

Multiples - Italian peers		€m		Multiple	EV (€m)	Net Cash (€m) 30/06/21	Minorities	Equity Value (€m)
ReeVo								
2021E	Revenues	11.7	<i>Mean</i>	5.7x	66.3	4.3	(0.2)	70.3
			<i>Median</i>	5.1x	60.0	4.3	(0.2)	64.0
2022E	Revenues	18.3	<i>Mean</i>	4.3x	79.4	4.3	(0.2)	83.4
			<i>Median</i>	3.9x	71.9	4.3	(0.2)	75.9
<i>Mean</i>								73.4
2021E	EBITDA	3.0	<i>Mean</i>	19.6x	59.8	4.3	(0.2)	63.8
			<i>Median</i>	19.7x	60.0	4.3	(0.2)	64.0
2022E	EBITDA	5.3	<i>Mean</i>	12.0x	63.8	4.3	(0.2)	67.8
			<i>Median</i>	9.0x	47.9	4.3	(0.2)	51.9
<i>Mean</i>								61.9
2021E	EBIT	2.0	<i>Mean</i>	26.1x	51.3	4.3	(0.2)	55.3
			<i>Median</i>	21.9x	43.2	4.3	(0.2)	47.2
2022E	EBIT	3.8	<i>Mean</i>	18.7x	70.8	4.3	(0.2)	74.8
			<i>Median</i>	14.5x	54.8	4.3	(0.2)	58.8
<i>Mean</i>								59.0

Source: EnVent Research

Target Price

Our updated valuation of ReeVo drives to a Target Price of €15.82 per share, from €12.32, with a potential upside of 17% on current share price. We thus confirm our NEUTRAL recommendation on the stock.

ReeVo Price per Share	€
Target Price	15.82
Current Share Price (18/10/2021)	13.55
Premium (Discount)	17%

Source: EnVent Research

Please refer to important disclosures at the end of this report.

Annex

Peer Group - Market Multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E
Italian cloud and cybersecurity peers												
WIIT	9.2x	10.6x	9.4x	30.0x	27.9x	24.2x	nm	54.0x	43.1x	nm	74.1x	56.5x
DHH	5.0x	3.5x	3.1x	37.0x	9.4x	8.1x	68.6x	16.5x	12.8x	nm	25.6x	19.4x
Cy4gate	7.8x	9.6x	6.1x	22.3x	21.0x	14.6x	33.0x	33.7x	21.0x	34.6x	45.6x	31.2x
Cyberoo	7.4x	7.1x	3.9x	30.1x	43.9x	9.0x	nm	neg	12.8x	nm	neg	19.5x
Sourcesense	1.0x	1.0x	0.8x	11.4x	7.4x	5.1x	14.9x	11.7x	6.6x	26.3x	19.9x	10.9x
Unidata	2.0x	3.6x	3.0x	5.3x	9.3x	7.8x	21.9x	16.8x	13.9x	32.1x	17.6x	20.2x
Tinexta	4.4x	5.4x	4.7x	17.4x	20.6x	16.9x	36.3x	28.5x	22.4x	48.1x	35.1x	29.1x
Mean	5.3x	5.8x	4.4x	21.9x	19.9x	12.3x	34.9x	26.9x	19.0x	35.3x	36.3x	26.7x
Median	5.0x	5.4x	3.9x	22.3x	20.6x	9.0x	33.0x	22.6x	13.9x	33.3x	30.4x	20.2x
Global cloud computing peers												
Atos	0.9x	0.7x	0.7x	8.4x	6.0x	5.4x	9.8x	11.2x	9.4x	9.1x	11.4x	9.1x
Cancom	1.0x	1.5x	1.4x	16.0x	17.9x	16.1x	31.9x	30.8x	26.6x	34.6x	46.5x	42.5x
Qualys	11.9x	10.0x	8.9x	33.4x	22.3x	21.2x	44.4x	26.7x	25.5x	51.6x	36.6x	35.3x
iomart	3.6x	2.0x	2.2x	11.1x	5.4x	5.9x	13.3x	10.2x	12.0x	12.9x	10.5x	12.6x
Redcentric	2.3x	2.4x	2.4x	52.4x	9.0x	9.0x	neg	14.7x	14.2x	neg	18.9x	17.5x
Snowflake	255.4x	171.9x	83.1x	neg	neg	neg	neg	neg	neg	neg	neg	neg
mVISE	1.3x	1.2x	1.1x	neg	17.9x	11.7x	neg	neg	33.5x	neg	neg	41.4x
Gigas	3.1x	1.4x	1.0x	19.1x	6.5x	4.7x	nm	18.3x	11.8x	neg	37.1x	23.2x
Mean	4.8x	3.4x	3.1x	32.3x	12.2x	10.5x	28.9x	17.5x	19.4x	32.3x	25.8x	26.0x
Median	2.9x	2.0x	2.2x	33.4x	9.0x	9.0x	28.9x	16.5x	14.2x	32.3x	27.8x	23.2x
ReeVo	7.2x	5.0x	3.2x	34.6x	19.1x	11.0x	59.4x	29.6x	15.4x	91.2x	45.2x	23.2x

Source: S&P Capital IQ, October 2021 - Note: ReeVo 2020 multiples calculated on current EV

Investment case

Company

With a track record of almost 20 years in the IT industry, of which over 10 years in cloud computing, ReeVo is an Italian cloud provider of infrastructure, cybersecurity and multi-cloud services whose business proposal is a tailor-made, flexible solution to small and mid-sized companies for managing, storing securely and protecting business data. It delivers its services using a proprietary technology and infrastructure with dedicated spaces in four carrier neutral data centers certified with the highest standard Tier-IV.

ReeVo's more than 200 IT business partners and two distributors are the link between ReeVo and Italian SMEs, target end-customers.

Consolidated key figures (2020):

- Revenues €8.1m, 28% 5Y CAGR 2016-20
- Employees 38 (as of December 2020)

ReeVo has been recognized as innovative SME, a status that allows tax incentives for investors, and is also eligible as a target for investments under the PIR scheme.

Glossary of industry terms

IaaS - Infrastructure as a Service - Form of cloud computing that delivers fundamental compute, network and storage resources to consumers on-demand, over the internet.

STaaS - Storage as a Service - Managed service in which the provider supplies the customer with access to a data storage platform.

BaaS - Backup as a Service - Method to back up data that involves purchasing backup and recovery services from an online data backup provider.

DRaaS - Disaster Recovery as a Service - Model that allows an organization to back up its data and IT infrastructure in a third party cloud computing environment and provide all the DR orchestration, to regain access and functionality to IT infrastructure after a disaster.

Drivers

Industry drivers

Digital transformation of businesses. The digital transformation is unfolding in businesses, with cloud and cybersecurity solutions becoming an integral part of the digital evolution. As businesses are more and more data-driven, they need a base infrastructure that can adapt to the changing market conditions, can be

managed and always accessible. This has led to the emergence of IT managed services, hybrid cloud management platforms, digital managed security services, private and hybrid cloud services and the ability of exploiting and protecting data is crucial in assuring business continuity.

Relentlessly growing data economy. The growth in data and in data requirements sees no slowdown, with the number of users, devices, content rich data and applications increasing demand for power, storage, connectivity and protection. It is expected that in 2025, global data volume will be 4x 2019 figures (Source: Statista). The development of cloud computing, machine learning, Internet of Things and big data technologies contributes to the spread of this as a long-term trend. In addition, the current situation with the global pandemic and consequent change of habits has accelerated the adoption of digital transformation and remote working, both of which are long-term drivers to cloud technologies.

The cloud: a cutting-edge industry. Cloud services provide IT resources from remote sources and bring them directly to the user through internet. Cloud computing adoption has been increasing rapidly, with spending growing at over 6x the rate of general IT spending through 2020, according to McKinsey. However, despite the overall increased cloud investment, enterprise cloud adoption is maturing slowly and the average enterprise has achieved less than 20% public or private cloud adoption. As such, room for growth is still huge (Source: McKinsey, *Cloud adoption to accelerate IT modernization*, 2018).

Rising need for data security and protection against cyber threats. With data becoming distributed, managed digital security services have become a *must* for enterprises. Hence, the demand for strategic cybersecurity managed service providers is growing among businesses, especially among SMEs, that are particularly exposed to cybercrime attacks.

Increase in investments on cloud infrastructure. Budgets for cloud computing have more than doubled in the past few years (Source: IDG, *2020 IDG Cloud Computing Study*, 2021). The intrinsic nature of cloud and hybrid cloud eliminates or at least minimizes hardware infrastructure. As such, the outsourcing of archiving, managing and protecting data to specialized cloud providers results in cost and time saving benefits.

Over 5m of SMEs in Italy, a huge market going digital. Micro-enterprises and SMEs represent over 99% of Italian companies (Source: ISTAT). Despite large businesses are usually the big digital and IT spenders, microbusinesses and SMEs still represent an unexploited segment to serve, because they often do not have the know-how and resources necessary to invest in custom-made applications, have a low level of digitization in data protection and have a still limited use of cloud and cloud cybersecurity technologies.

Company drivers

Full-service portfolio. ReeVo's service portfolio meets most of cloud infrastructure needs: IaaS & virtual machine, backup & storage, business continuity & disaster recovery, base platforms and service components. A key factor of ReeVo's offering is the inclusion of cybersecurity services in its cloud platform, with cybersecurity services operating automatically 24/7 for the protection of data and applications. Lower value added services such as web portals, hosting and e-commerce are out of its scope.

Proprietary technology. ReeVo's offering is based on a proprietary cloud platform as interface between its services and end-customers. The software platform, developed by the internal R&D team, analyzes and manages data, processes and IT workflows in an automated and efficient manner (so-called orchestration).

Cloud solutions tailor-made and industrialized at the same time. ReeVo has the ability to customize its services, without affecting its industrialization. This allows to differentiate itself from hyper-scale cloud providers such as Amazon, Azure and Google offering pure standard services. Customers' proprietary infrastructure can be integrated into ReeVo's hybrid cloud platform. ReeVo is considered a native cloud provider also for hybrid cloud services.

Industry partnerships facilitate the Company's go-to-market. The consolidated and constantly expanding network of over 200 IT business partners (ICT system integrators and resellers), with control over the domestic market and end-customers, and two international distributors - Esprinet and TechData - for expansion into European markets, adds value to the adoption of ReeVo's cloud solutions by end-customers. The agreements with the two distributors, with relationships on the domestic and foreign markets, allow for a significant expansion of the number of business partners.

Growing wide customer base, low concentration and low churn rate. Customers are over 200, with low concentration and revenue-loss risk: the largest 35 customers account for approximately 80% of revenues; the two distributors are included in these figures, with further fragmentation of end-customers. The end-customer base is made of thousands of SMEs. The churn rate of its customer base is lower than 3% (Source: Management estimate).

Long-lasting customer relationships giving way to stable and predictable sales and earnings. Business partners act as long-term digital consultants for SMEs, assisting them in first level technical assistance.

Highest grade data centers. ReeVo's services are delivered through its own infrastructure hosted in dedicated spaces in three carrier neutral data centers located in Italy with the highest quality and safety standards and certifications:

Tier IV (most advanced type of data center tier), ISO9001, ISO27001, ISO27017, ISO27018, AGID, LEEDS, PCI, DSS.

Visibility of revenues. The monthly subscription fee scheme with contracts lasting 12-36 months provides for recurring revenues. A strong customer loyalty, implying the low churn rate, allows for continuity in the revenue stream.

Capital-free business model. ReeVo, as most IT service companies, is an asset-light business.

Scalable and repeatable business model. According to Management, the current business model with operations mainly in Italy is scalable and repeatable on foreign markets. To this aim, ReeVo has entered into a distribution agreement with TechData for Europe and an agreement for interconnection of cloud services with Equinix worldwide.

Industry experts, management-shareholders alignment of interests. Key managers are also shareholders, directly involved in the Company's operations and execution of the growth strategy, leveraging on their IT background and industry expertise.

M&A activity. The Management has a proven track record of identifying, executing and integrating acquisitions. Along its history they have successfully executed two acquisitions.

Challenges

Permanent competition. The fragmented competitive arena, populated by some tech giants with multinational reach, together with a large number of small specialists, is a permanent feeder of competition and pressure on prices.

Acquisition and integration risk. Acquisitions could be value accretive or dilutive based on valuations paid and market trends. Higher than expected integration costs when consolidating acquisitions may impact margins. Given ReeVo present size, larger acquisitions will be targeted in order to be material to the growth of the business, but these can carry a greater integration risk.

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18/10/2021	NEUTRAL	15.82	13.55

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