

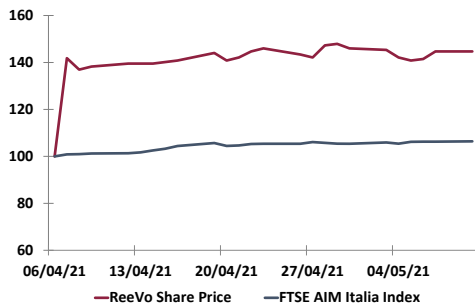
REEVO

NEUTRAL

Current Share Price (€): 11.00

Target Price (€): 12.32

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 (€)	11.00
Date of Price	13/05/2021
Shares Outstanding (m)	4.6
Market Cap (€m)	50.5
Market Float (%)	16.2%
Daily Volume	5,800
Avg Daily Volume YTD	17,184
Target Price (€)	12.32
Upside (%)	12%
Recommendation	NEUTRAL

Share price performance

	1M	3M	1Y
ReeVo - Absolute (%)	2%	na	na
FTSE AIM Italia (%)	3%	14%	36%
1Y Range H/L (€)		11.49	10.60
YTD Change (€) / %		na	na

Source: S&P Capital IQ

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Fueling data economy with ReeVo hybrid cloud and cybersecurity solutions

We initiate coverage of ReeVo: NEUTRAL rating, Target Price €12.32 per share.

ReeVo is an Italy-based cloud provider of secure, mission-critical infrastructure, cybersecurity and multi-cloud services aimed at managing, storing and protecting business data. The service portfolio encompasses Infrastructure (IaaS), Backup and Storage, Disaster recovery, Cloud cybersecurity, Managed cloud, Multi-cloud and Hybrid cloud services, targeting the huge potential market of SMEs as end-customers. ReeVo's offering is based on a proprietary cloud platform, developed internally, as interface between its services and end-customers.

A restless fast-growing market driven by the exponential increase in amounts of data.

Cloud computing has gained widespread application, being essential for digital transformation, given the flexible and fast implementation without the time and cost necessary to maintain a physical infrastructure. The global cloud computing market, according to Markets and Markets, is expected to grow at a 17.5% 2020-25E CAGR, with the hybrid cloud being the most popular choice by organizations.

Wide portfolio of services supporting SMEs' operations. ReeVo is well-positioned to address the digital needs of SMEs, historically lagging behind digitization. Its offering meets cloud infrastructure needs, including cybersecurity services. Services can be both standard or bespoke. Customers' infrastructure can be integrated into ReeVo's hybrid cloud platform. Its offering also envisages high technological content and outsourcing services.

Industry technology partnerships facilitate the go-to-market. Over 200 IT business partners (ICT system integrators and resellers) and two international distributors are a key factor of ReeVo's business model, at the same time adding value to the adoption of cloud solutions by end-customers and facilitating ReeVo's go-to-market and customer base expansion.

Profitable business model, with high customer retention and recurring revenues. Business partners act as long-term digital consultants for SMEs, assisting them in their IT journey and in first-level technical assistance on ReeVo's solutions. Tailored and innovative solutions, coupled with customers' lock-in due to the burden and security risk of changing cloud provider, are key factors allowing for long-term customer relationships, a very low churn rate and continuity in the revenue stream. The subscription scheme with multi-year contracts provides for recurring revenues and short-term visibility.

Target Price €12.32 per share, NEUTRAL recommendation

ReeVo value assessment is supported by technological foundations, market potential and financial fundamentals. Our DCF valuation model yields a share price of €12.32, 12% upside on the current price of €11.00 and +59% on the IPO price of €7.74. As a consequence, we assign a NEUTRAL recommendation on the stock.

Key financials and estimates

€m	2019	2020PF	2021E	2022E	2023E
Revenues	4.9	9.3	13.6	17.7	23.0
EBITDA	0.7	1.8	3.2	4.6	7.0
Margin	15.1%	19.7%	23.5%	26.1%	30.6%
Net Income	0.3	0.8	1.5	2.3	3.8
Net (Debt) Cash	(1.2)	(1.0)	6.0	7.8	10.9
Equity	0.9	3.7	10.7	13.0	16.8

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

1. 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 aimed at managing, storing securely and protecting business data. It delivers its services using a proprietary technology and infrastructure with dedicated spaces in three 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.

2. PROFILE

All-Italian pioneer cloud service provider

Business data at the core of ReeVo's operations

ReeVo is an Italian tech company providing cloud computing solutions ranging from IaaS, to managed multi-cloud and cybersecurity services, aimed at protecting, managing and storing securely business data.

A wide portfolio of services

Its service portfolio encompasses Infrastructure (IaaS), Backup (BaaS), Storage (STaaS), Disaster recovery (DRaaS), cloud cybersecurity, managed cloud, multi-cloud and hybrid cloud. Services are delivered centrally and on demand, thanks to a shared set of software and hardware (network, servers, storage devices and applications).

ReeVo's proprietary technology platform for orchestration and automation of cloud and cybersecurity elements can be integrated into end-customers' proprietary infrastructure.

Over 200 IT business partners and two international distributors - Esprinet and TechData - reach Italian SMEs, ReeVo's target customers.






ReeVo delivers its services using a proprietary technology and infrastructure with dedicated spaces in carrier neutral data centers operated by specialized companies according to high quality and safety standards to meet the needs of reliability, flexibility and performance of business customers, guaranteed by the certifications ANSI TIA-942/Rating 4 and ISO 27001. The two data centers in Milan and one in Rome, with a geographical distance of over 300 km, guarantee the restart of services even in the event of a natural disaster.

ReeVo has a workforce of 38 people, mostly specialists in infrastructure, cloud and cybersecurity.

History and key developments

The Company has a long track record in the IT industry: it was founded in 2003 as a system integrator and has evolved into a specialized cloud provider since 2009.

History milestones

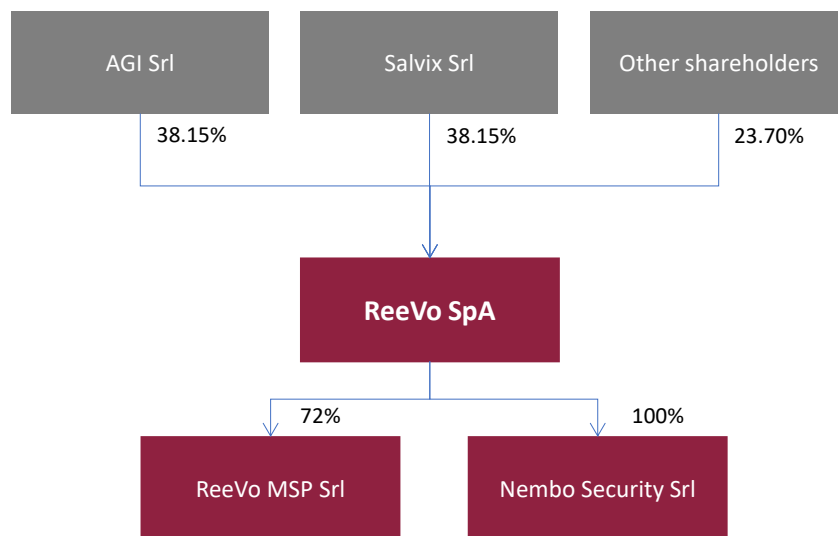
- | | | |
|------|---|---|
| 2003 | <ul style="list-style-type: none"> • Company setup in Italy |  |
| 2009 | <ul style="list-style-type: none"> • Operations start through the first datacenter in Milan • ReeVo starts providing full outsourced services | |
| 2011 | <ul style="list-style-type: none"> • Acquisition of a cybersecurity company |  |
| 2012 | <ul style="list-style-type: none"> • Second datacenter in Milan with disaster recovery solutions • Service portfolio expansion |  |
| 2013 | <ul style="list-style-type: none"> • Distribution agreement with Esprinet |  |
| 2017 | <ul style="list-style-type: none"> • Third data center in Rome and upgrade in Milan |  |

- 2018
 - Distribution agreement with TechData
 - Service certifications in Italy
- 2019
 - Cloud provider for the Italian digital agency for PA
 - €2m Paid-in capital completed
- 2020
 - Acquisition of a company specialized in multi-cloud services and cybersecurity (IT Factory, later renamed ReeVo MSP)
- 2021
 - Listing on AIM Italia, €5.5m IPO Proceeds



Source: Company data

Shareholders and Group structure



Source: Company data - Note: AGI Srl and Salvix Srl are respectively owned by Antonio Giannetto and Salvatore Giannetto

Key people

Name and role

Antonio Giannetto
CEO - Shareholder



Salvatore Giannetto
Chairman - Head of Sales & Marketing - Shareholder

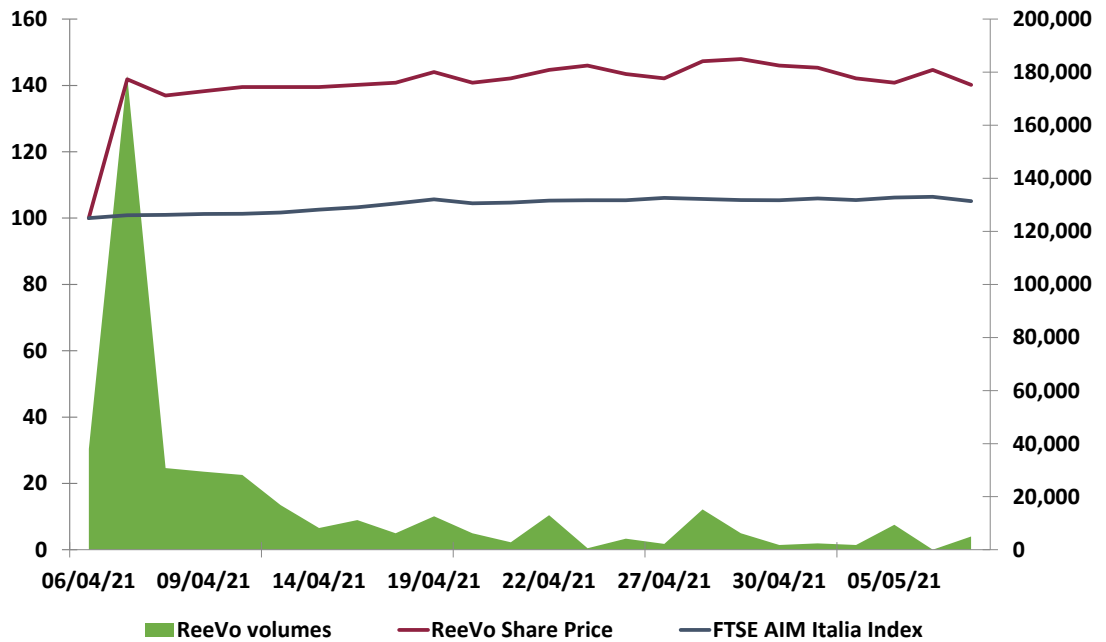


Background

- Formerly Partner and CTO at Galactica SpA, first Italian ISP
 - Led several entrepreneurial ventures
 - Co-Founder of ReeVo
-
- More than 15 years of experience in entrepreneurial projects
 - Co-Founder of ReeVo

Source: Company data

Share price performance (base 100, left) and volumes (right) since IPO



Source: S&P Capital IQ, update 13/05/21

Service portfolio

Cloud and cyber security services

- IaaS and virtual machine. The Company offers its customers Infrastructure as a Service (IaaS) turnkey solution (e.g. server virtualization, storage, networking) which includes the whole infrastructure management by Reevo.
- Cloud cybersecurity. ReeVo provides security of data, company networks and infrastructures. By its Intelligence Security Operating Centre (i.e. its team of cybersecurity experts) the Company delivers continuous monitoring of alerts and issues 24/7/365. Its services also include the “vulnerability assessment” and “cyber-surveillance”, which stress leaks and shortcoming of company networks in order to prevent possible attacks.
- Backup and storage recovery (BaaS and SaaS). These services are provided by sheltering an additional copy of the corporate data on cloud platforms, out of the company network perimeter.
- Disaster recovery (DRaaS). Recovery of systems following problematic events, such as natural disasters or various system breakdowns.

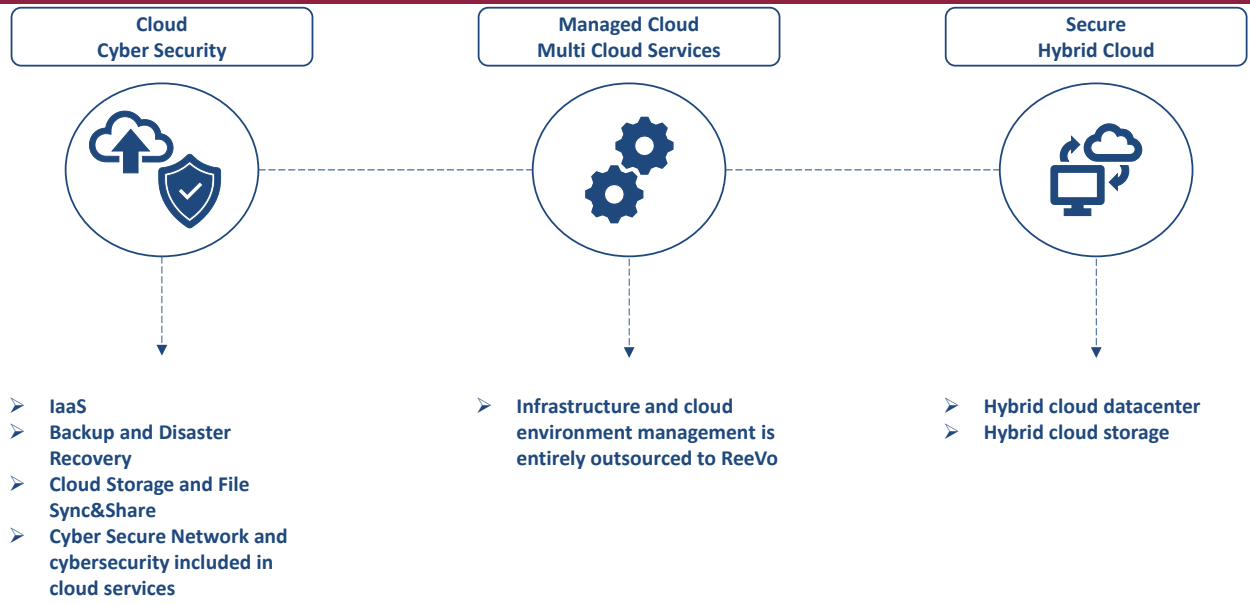
Managed cloud and multi-cloud services

Managing the entire IT infrastructure, including environments not directly provided.

Hybrid cloud

To satisfy the customers’ safety needs, ReeVo services are also available in a hybrid cloud infrastructure, hosting customers’ hardware in its data centers.

Service offering: from storage to data security



Source: Company data

3. INDUSTRY INSIGHTS

Data economy requires cloud computing

Cloud computing has been around for approximately two decades, but only recently has gained widespread application for businesses. Given the exponential increase in data use, it is becoming more and more difficult for individuals and organizations to keep all of their vital information, programs and systems up and running on in-house computer servers. Cloud computing provides computer processing resources and data storage to computers and other devices on demand, rather than having local servers, without the burden of purchasing and maintaining a physical network infrastructure. According to the International Data Group, a US research company, 69% of businesses are already using cloud technology in one capacity or another and 18% say they plan to implement cloud-computing solutions (Source: IDG).

Main drivers of cloud computing

Cost efficiency and time saving - Cloud does not require hardware investments and also network maintenance, upgrades are outsourced. The physical equipment is managed by the cloud providers.

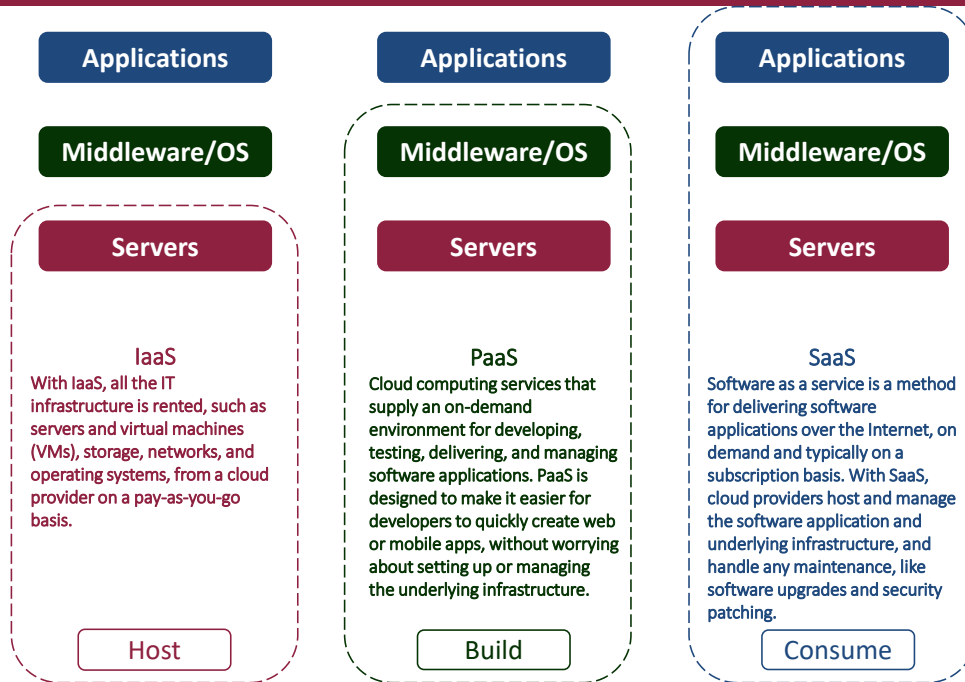
Flexibility and scalability - Typically, cloud solutions are available in a pay-as-you-go pricing model and storage capacity is potentially limitless (e.g. if needed extra bandwidth, a cloud-based service can meet that demand instantly, rather than undergoing a complex and expensive update to IT infrastructure).

System Integration - Connecting the disparate elements of various cloud and local resources into a single, ubiquitous environment that allows administrators to seamlessly access and manage applications, data, services and systems.

Mobility - Employees can access the cloud by internet connectivity, wherever they are. Once the data is stored in cloud, it is easier to get the back-up and recovery preventing losses.

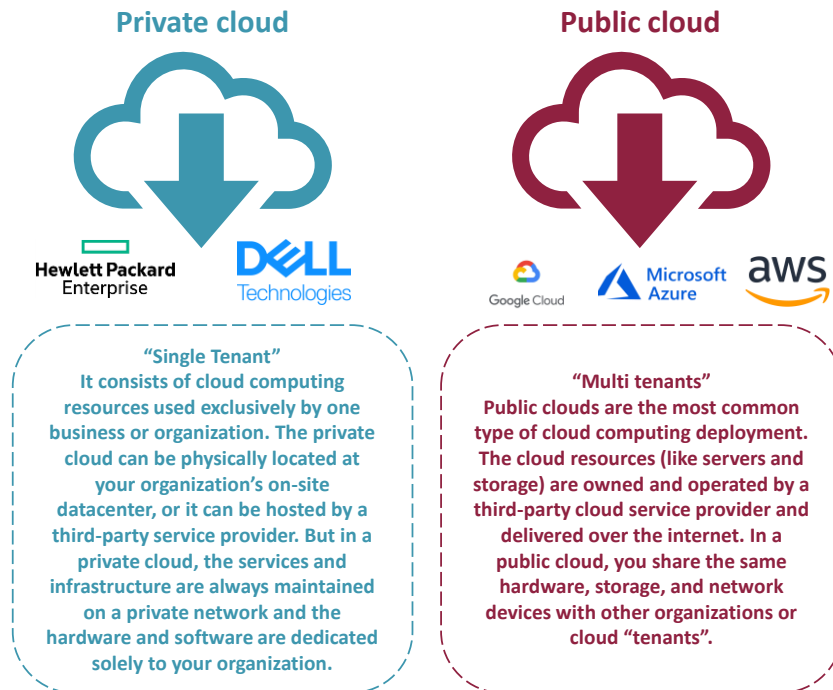
Security - Cloud cybersecurity solutions are significantly more efficient than a conventional in-house system, where an organization must divide its efforts between IT concerns.

Cloud by services type



Source: EnVent Research

Cloud by deployment type



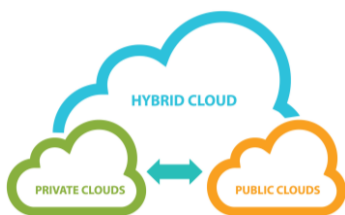
Source: EnVent Research

Public cloud. Public clouds are owned and operated by a cloud service provider who is responsible for hosting, managing and maintaining the network. The provider sells cloud space to companies or individuals who subscribe. While companies share the infrastructure of a public cloud, they’re only granted access to their own data. Public clouds are often cost-effective, scalable and provide access to the newest technologies. However, security and privacy concerns have been associated with public cloud storage

since any company or individual can subscribe to a public cloud storage or backup service to hold copies of their data.

Private cloud. Large enterprises with access to heavy duty IT and an extreme need for strict privacy often adopt private cloud storage. It's a data center built specifically for a single business to host and manage data internally and privately. This cloud resource is not shared by any other companies or individuals and is typically located on-site. The level of maintenance required makes the private cloud the most expensive cloud option for businesses, as they require an in-house IT team, equipment, and housing. This often makes it the preferred cloud storage option for large corporations with a budget set aside for IT.

Hybrid cloud



A hybrid cloud is a type of cloud computing that combines a private cloud with a public one. Hybrid clouds allow data and apps to move between the two environments giving businesses greater control over their private data, because they can maintain a private infrastructure for sensitive assets or workloads and simultaneously leverage the robust computational resources of a managed public cloud, paying for extra computing power only when needed. High levels of integration and orchestration are must-haves to enable seamless movement of data and applications between the two types. For instance, confidential operations and sensitive data, can be run on a private cloud while high-volume and less sensitive workloads can be run on a public environment. The primary motivation is twofold: acquiring the flexibility to choose the optimal cloud for each application and gaining the ability to move workloads freely among clouds as dictated by changing circumstances. A hybrid cloud strategy enables the organization to meet its technical and business objectives more cost-efficiently and effectively than it could with either a public or private cloud.

Multi-cloud

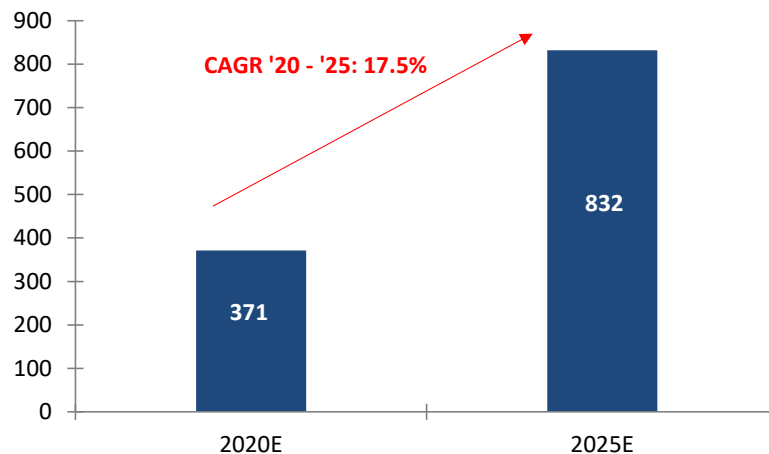
A hybrid cloud strategy relies on a single plane of management, unlike a multi-cloud strategy, where administrators must manage each cloud environment separately.

4. MARKET TRENDS AND OUTLOOK

The global cloud computing market

According to Markets and Markets, a US market intelligence firm, the global cloud computing market is expected to grow from \$371bn in 2020 to \$832bn by 2025, at a CAGR of 17.5%.

Global cloud computing market forecast 2020-25, \$bn



Source: Markets and Markets, *Cloud Computing Market - Global Forecast to 2025*, August 2020

We see the following as main factors which drive cloud computing spending:

Increasing amount of data volume - The explosion of cloud-based data is matched by an increase in data stored in data centers. Businesses are looking to centralize data management and delivery, as well as to leverage data to control their businesses and the user experience.

Proliferation of services on the cloud which leads higher data consumption - The corporate network is seeing a huge increase in network complexity as enterprise applications have moved to the cloud for CRM, supply chain, HR records, industrial IoT, payments and network security.

Growing number of connected devices empowered by the latest connectivity standards - The 5G build-out should help improve data speeds and the number of varying devices handled on the network to more advanced connected services. 5G should bring out support for cloud gaming, machine learning, AR/VR, telemedicine, connected vehicles and smart city services.

Accelerating AI Data Analytics - The new data economy relies on AI's ability to analyze the data that is being created in the cloud in its unstructured form. Data science is a rapidly growing field that expands the need for high-performance computing intensity to a market of millions of professionals across almost any field: from science, healthcare, financial services and insurance to retail, logistics and travel.

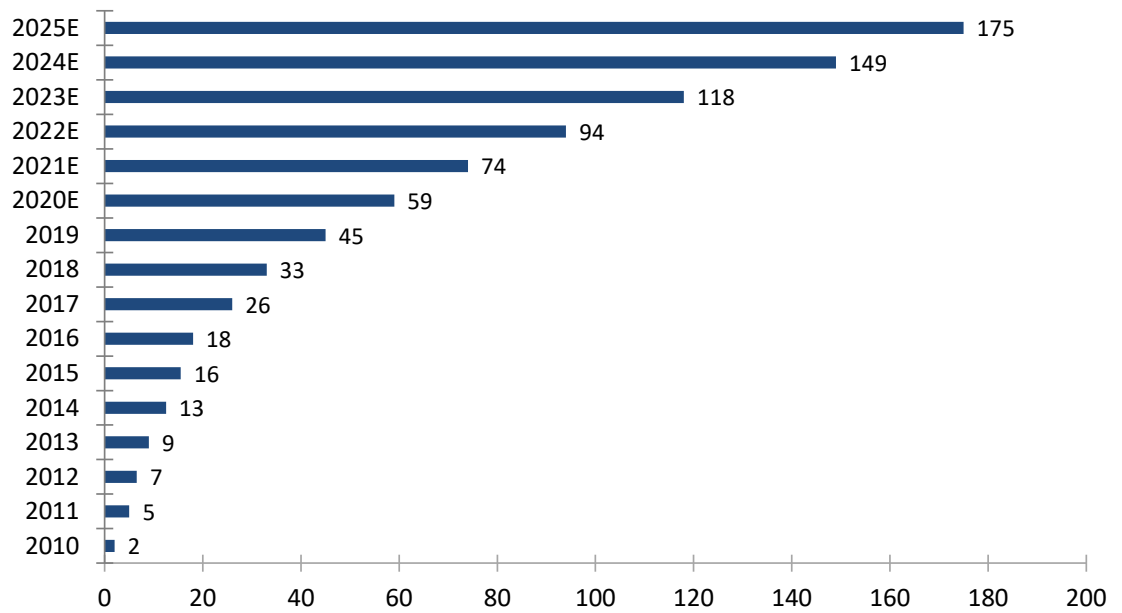
Years in months:

Covid-19 as a catalyst for cloud

COVID-19 global outbreak - In the near-term the global pandemic has further pushed cloud spending, given the increasing trend on stay-at-home, remote working and distance education.

In 2025, global data volume will be 3 times 2020E figures

Global volume of data, in zettabytes

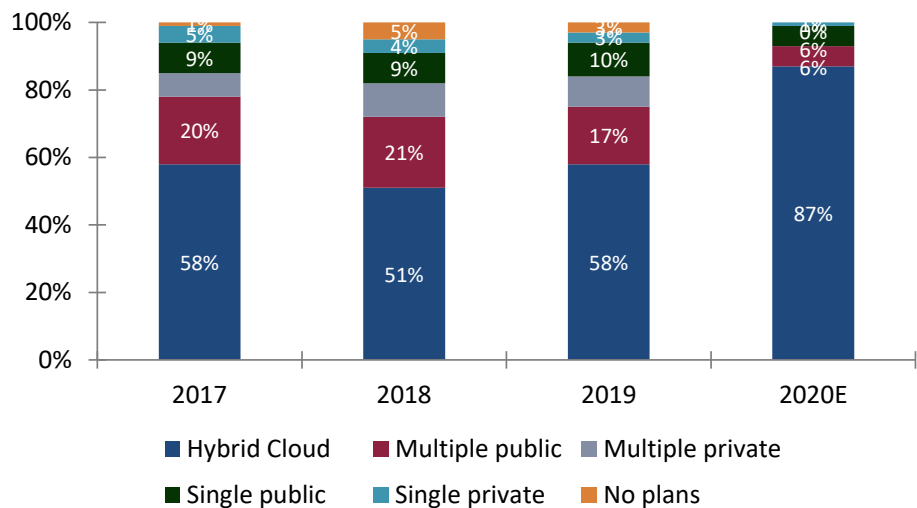


Source: EnVent Research on IDC, Seagate and Statista

The hybrid cloud, combining public clouds, private clouds, and on-premises resources, was adopted by 58% of businesses in 2019 and more than 80% in 2020.

Hybrid cloud is the most popular choice by organizations

Global enterprise cloud strategy by type

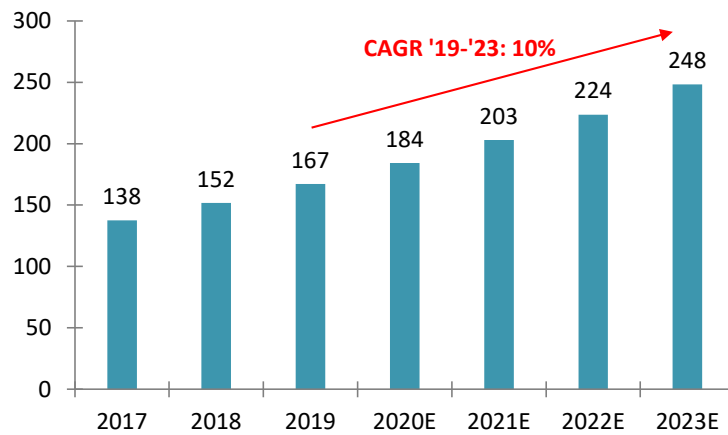


Source: Statista on RighScale, Flexera Software

Global cybersecurity market outlook

Cybersecurity is the practice of protecting systems, networks, and programs from digital attacks. In cloud computing, it is a growing concern for many organizations, especially those who use the cloud to store sensitive data of their customers. Its market is expected to grow at a double-digit CAGR to reach \$248bn by 2023.

Global cybersecurity market, \$bn



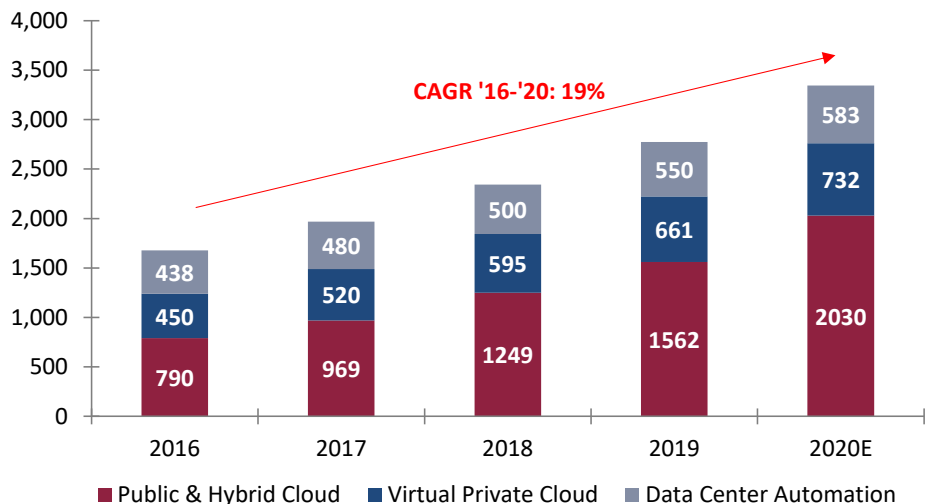
Source: Statista

Italian cloud services market

Italy has historically lagged behind other countries in terms of digitalization

Italian cloud computing services have recorded a strong growth with a 2016-20 CAGR of 19%. The largest segment is Public & Hybrid cloud services, which recorded a 25% increase in 2019 and was expected to record a 30% increase in 2020; Private Cloud segment should follow a steady growth trend by 11% YoY in 2019-20, while Data Center Automation experienced a 6% growth in 2019 with a 10% forecast in 2020 (Source: Politecnico di Milano, *Digital Innovation Observatory*, 2020).

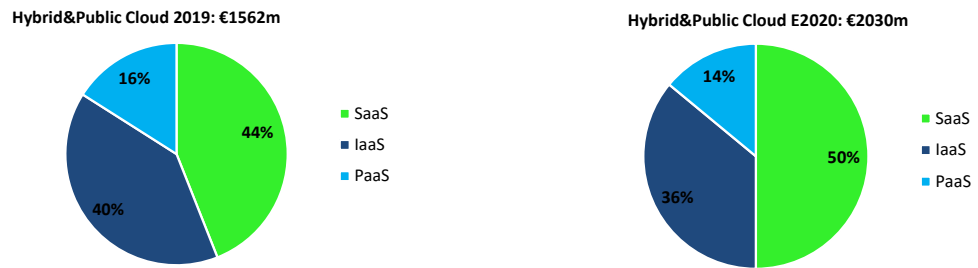
Cloud services in Italy, €m



Source: Politecnico di Milano, *Digital Innovation Observatory*, 2020

By looking at Hybrid & Public Cloud breakdown by service type, SaaS represents the largest segment in terms of revenue, €1,015m expected in 2020, +46% YoY, followed by IaaS, €731m expected in 2020, + 17% YoY, and PaaS, €284m expected in 2020, +14% YoY (Source: Politecnico di Milano, *Digital Innovation Observatory*, 2020).

Italian hybrid and public cloud services in 2019 and 2020E, by service type



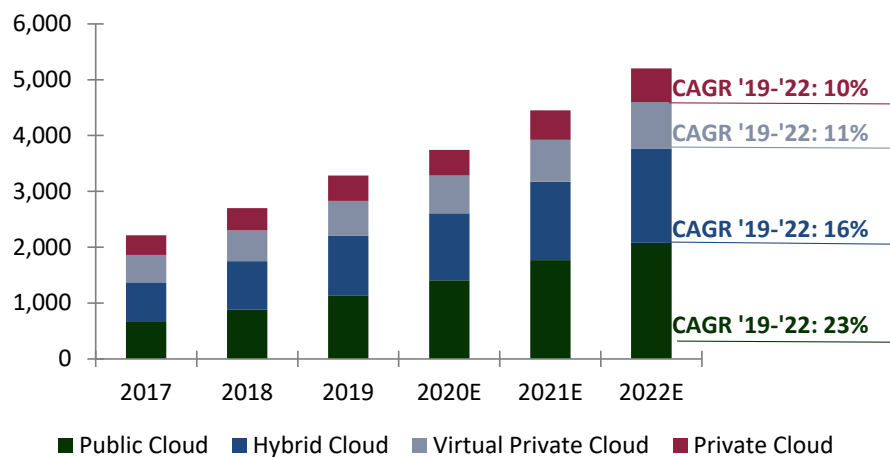
Source: Politecnico di Milano, *Digital Innovation Observatory*, 2020

The highest growth of SaaS is to be explained by the uptake of software services (such as tools for collaboration, project management, CRP, manufacturing management, document management) by businesses to remain resilient during the pandemic. Implementing SaaS tools is relatively simple, given the standardized and ready-to-use solutions which are provided by third parties and also in terms of IT competencies and management capabilities required. On one hand, it is clear that the Covid-19 has accelerated the adoption of cloud services, a trend already in place, on the other, as the emergency situation approaches to an end, organizations might define a clear path toward tailored digital solutions adopting PaaS and IaaS solutions, more in line with their strategic needs.

According to another market study conducted by NetConsulting cube and mentioned by Anitec-Assinform, the Italian Association for ITC, the Italian cloud services market is expected to grow at 17% CAGR '19-'22. Public and hybrid cloud segments are expected to experience the highest growth rate, by 23% and 16% respectively.

Hybrid and public cloud are the fast-growing segment

Cloud services market outlook, €m



Source: Anitec-Assinform, NetConsulting cube, 2020

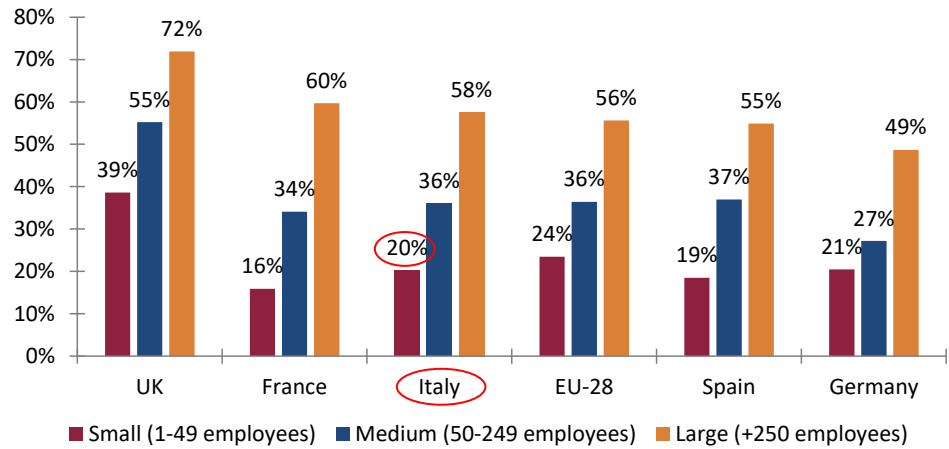
Italian SMEs cloud computing uptake

Italian SMEs account for more than 75% of enterprises in the domestic economy and around 18% in Europe. However, as compared to European peers, Italian SMEs showed a slower uptake of digitization, which might represent a market opportunity in the near future (Source:

Eurostat and The European House Ambrosetti, *L'impatto del Cloud Computing sul sistema-Paese e sul modo di fare impresa in Italia, 2020*).

Cloud computing uptake by enterprises in EU-Big 5, 2018

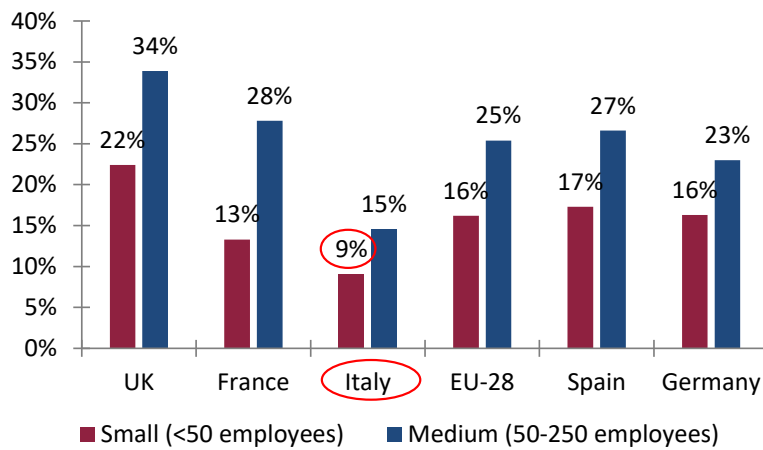
As compared to European average, Italy falls short 4% regarding small enterprises cloud computing uptake



Source: Eurostat and The European House Ambrosetti, *L'impatto del Cloud Computing sul sistema-Paese e sul modo di fare impresa in Italia, 2020*

Enterprises by size employing digital channel in EU-Big 5, as % of the total, 2019

Only 9% of small enterprises in Italy employed the digital channel, roughly half of European average

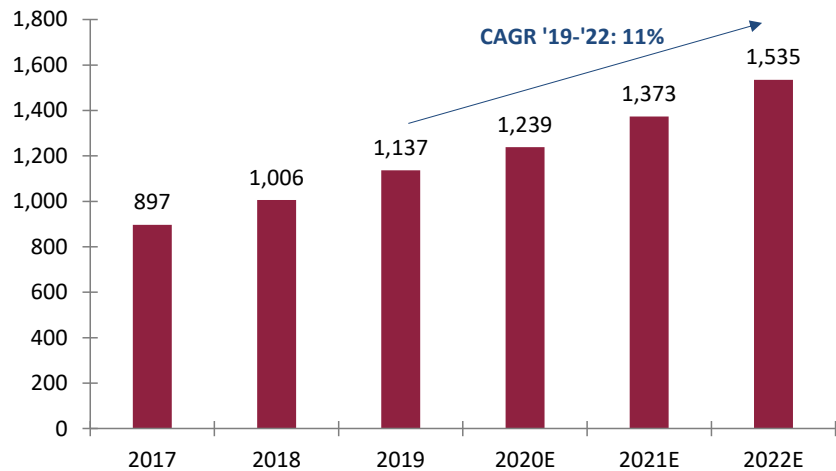


Source: Eurostat and The European House Ambrosetti, *L'impatto del Cloud Computing sul sistema-Paese e sul modo di fare impresa in Italia, 2020*

Cybersecurity in Italy

According to NetConsulting cube, the Italian cybersecurity market was worth €1.14bn in 2019 and it is expected to grow at a 11% CAGR '19-'22 reaching more than €1.5bn in 2022.

Italian cybersecurity market, €m



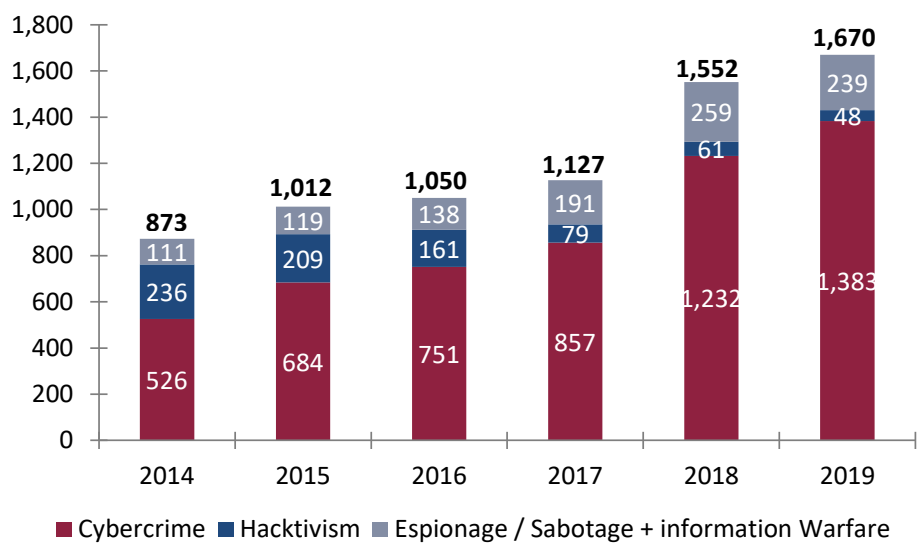
Source: Anitec-Assinform, NetConsulting cube, 2020

In Italy, in parallel with the growth of the IT market and the above mentioned trends regarding the higher data consumption and number of connected devices, also the number of cyberattacks has increased in the past few years, peaking 1,670 overall attacks in 2019 (Source: Clusit, *Clusit report*, 2020).

Cisco, in its annual cybersecurity report, provides estimates regarding cyberattacks costs: it turns out that more than 40% of cyberattacks have a financial drawback of more than a million dollar. Besides, according to the global survey mentioned in the Clusit 2020 report, data security, data privacy, and awareness of cybersecurity by employees are considered among the 10 top priorities by IT professionals.

Today more than ever, cybercrime represents a serious threat for the IT world and it brings an increasing market opportunity for companies which provide cybersecurity solutions.

Number of cyberattacks in Italy by type, units



Source: Clusit, *Clusit report*, 2020

5. BUSINESS MODEL AND STRATEGY

White-label customizable cloud solutions for IT business partners

ReeVo provides white-label cloud computing solutions to a network of IT business partners (system integrators, resellers, value added resellers, software houses) and distributors which deliver the final service and post-sale assistance to end-customers, mainly SMEs.

Service features

- White-label and branded by business partners, integrating their offering
- Highly customizable and tailored on the specific needs of business partners
- Through managed cloud services, ReeVo provides its partners with continuous monitoring by skilled professionals to manage and solve potential issues
- Post-sale support and maintenance services

Market logics and buyer's decision process

Decision-makers in SMEs for IT-related matters are typically IT consultancy agencies.

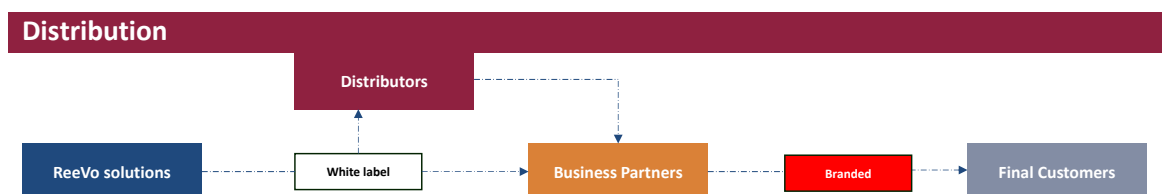
Key factors underlying the buying decisions are:

- Stability and reliability of the services provided
- Performance, speed and uptime
- Pricing
- Flexibility

Customer base and distribution model

ReeVo's offering addresses, in a B2B logic, at IT and cloud computing operators who provide cloud services to end-users, mainly Italian SMEs. The customer base is made of over 200 business partners - system integrators, resellers, value added resellers, software houses - with direct (B2B) and indirect relationships (B2B2B) and two large distributors - TechData and Esprinet.

As such, business partners operate as direct vendors of cloud computing solutions, marking ReeVo products with their own brands, and delivering the full service and post-sale assistance to final customers. ReeVo provides support to business partners with all the technical phases regarding final customers data migration and solutions implementation.



Source: EnVent Research

- Sale of yearly subscriptions
- Recurring monthly payments

Revenue model

Revenues are generated from the sale and licensing of cloud solutions. The Company's distribution strategy, which relies on partnership programs with business partners, implies a high customer retention rate, with annual churn rate below 3%, according to Management. The monthly subscription fee scheme, with multi-year contracts lasting 12-36 months, provides for recurring revenues.

Sales and marketing

Sales are carried out by an internal team made up of 7 people, of which 5 sales managers overseeing a specific area and 2 managers.

Marketing and advertising are in coordination with business partners.

Strategy: leverage on service and technical expertise, vertical and horizontal growth to enter additional geographies

Strategy pillars

- **M&A** - Acquisition of opportunities in the cloud and cybersecurity markets to enrich the service portfolio and increase the customer base
- **Organic growth** - Through the addition of business partners
- **International expansion** - Open new markets and increase geographic coverage through their B2B2B model and agreements with distributors

M&A strategy

M&A activity represents a core part of ReeVo expansion strategy. Given the wide technical expertise requested in the industry, horizontal expansion may represent a more efficient way to acquire necessary technology. As of today, the Company successfully completed two acquisitions to add to its portfolio cybersecurity solutions, managed cloud and multi-cloud.

6. COMPETITION

Breadth of products and services diverse and multi-layered

Catching the cloud migration of SMEs

Industry players competing within the cloud computing industry

The cloud computing industry is varied and nuanced with several players offering products, services and technologies, with different levels of specialization. The global industry is dominated by the so-called hyper-scalers (e.g. Google, Amazon, Microsoft, etc.), the top cloud computing providers by size, operating data centers that offer scalable cloud computing services and working with approved partners to offer their services on local markets. These giants, which according to Synergy Research Group are around 20, dominate the public cloud and cloud services industries. SRG also reports that the top 20 hyper-scalers have over 550 combined data centers in Q3 2020, covering over 80% of the cloud services market (Source: Synergy Research Group).

Although the cloud computing industry is wide, many technology providers are small to mid-size companies offering niche and tailor-made services based on client needs, which may be addressed directly or indirectly by partnerships with system integrators/IT consultants. Thus, competition runs across technology makers whose sales strategy may rely or not on system integrators networks to reach a potentially broader number of companies.

Competition drivers

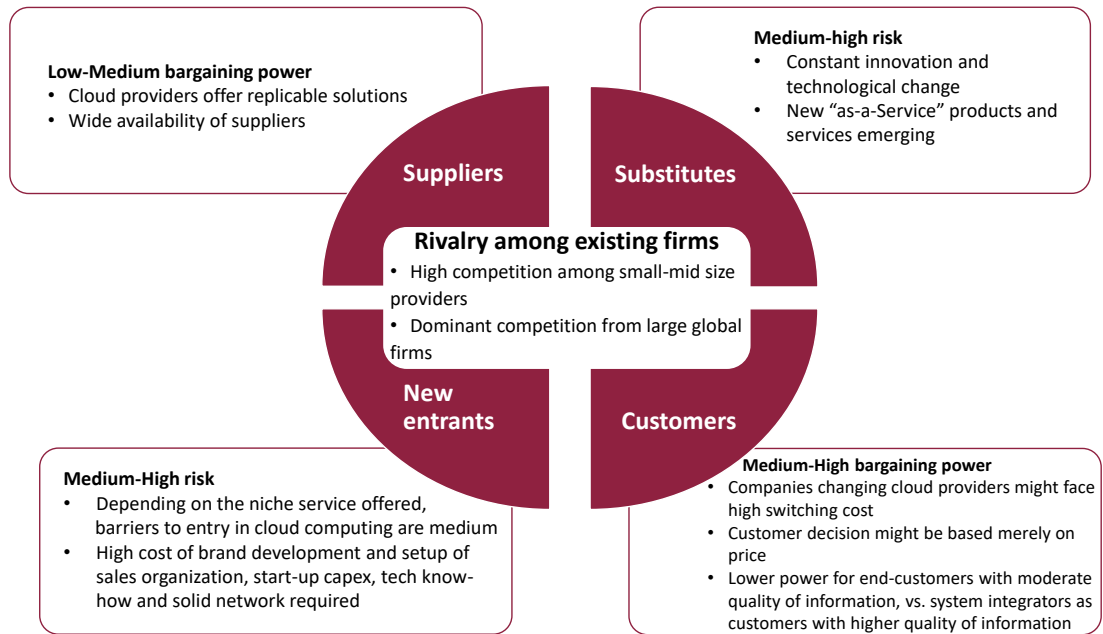
The main competitive factors in the cloud computing are:

- product/service functionality and performance
- innovation in technology offering
- ease of deployment and use
- price and total cost of ownership
- customer support
- integration and flexibility of services

The ability to create tailored and innovative solutions, coupled with the client lock-in by technology offers, are key factors. Another factor to consider is that the cost and security risk of switching IaaS providers makes it difficult for new entrants with small market shares to compete for customers already locked-in to another IaaS provider. New entrants and small IaaS providers face reputational barriers to entry within the market. The technological leadership in achieving economies of scale makes it difficult for smaller players to compete, so that they must rely on partnerships with system integrators and other IT operators to increase their networking across customers.

Competitive forces

Strong competition and rapid technological change



Source: EnVent Research

Competition overview and performance indicators

Profiles of key competitors in Italy

Within the cloud computing and cybersecurity industry, we have selected over 20 companies operating in Italy whose offering and portfolio of services might compete with ReeVo. We describe cloud computing players by different clusters based on their core business (2019 pre-Covid data).

Cloud

VAR Group. Subsidiary of SeSa Group, provides IT consulting services that integrate business analytics and digital experience, including cloud services, data center management, cybersecurity and legal compliance, network and communication and digital security.

Sales: €238m

Employees: 455

Westpole. Part of Westpole Europe group, Westpole Italy offers IT services, such as managed cloud, IoT and AI solutions for digital transformation.

Sales: €38m

Employees: 230

WIIT. Cloud computing services mostly under hybrid and hosted private cloud models and management of ERP systems in outsourcing. It also operates data centers.

Sales: €34m

Employees: 163

Noovle. Cloud projects and solutions provider offering framework applications for creating web projects, software based on AI chatbot, cloud platform for georeferenced data, cybersecurity solutions. It also resells and partners with Google Cloud, SAP, Liferay and Salesforce products. In addition, the offer includes cloud, smart enterprise, geospatial intelligence, big data and business intelligence, user experience, and search engine solutions. The company was acquired by TIM Group in January 2021 for an undisclosed deal value.

Sales: €31m

Employees: 113

Itnet. Born as Internet Service Provider, it operates data centers and offers co-location services (around 50% of revenues).

Sales: €7m

Employees: 33

Web Hosting & Domain

Aruba. Web service company, provides hosting and domain (around 70% of revenues), e-security, cloud and data center services. Such as with email, e-commerce, website, and web marketing; cloud solutions that include cloud computing, private cloud, object storage, cloud backup, server VPS and cloud monitoring. Data center solutions include servers, housing and co-location, racks, managed services, disaster recovery and business continuity services. Data centers are in Arezzo and Rome (Italy), Czech Republic, Germany, the United Kingdom, France and Poland.

Sales: €183m

Employees: 748

Cdian. Telecommunication operator and Internet Service Provider also providing connectivity, cloud and data center services. Housing and hosting services accounted for around 50% of revenues.

Sales: €9m

Employees: 32

DHH. Provides virtual infrastructure to run websites, apps, e-commerce and software-as-a-service solutions to customers across Southeast Europe. With the merger with Seeweb, DHH has added cloud computing, other IT services and four data centers in Italy and Switzerland. Revenue breakdown in 2019: 50% cloud computing, 42% domain & hosting and & co-location. Revenues: €11m (Pro-forma including Seeweb acquisition)

Employees: over 30

Server Plan. Web service company mainly providing web hosting and domain services. It also offers web security, email, cloud hosting and server solutions.

Sales: €6.5m

Employees: 31

Netsons. Web service company providing hosting and domain, cloud and server services. Cloud solutions include cloud computing, private cloud, object storage, cloud backup, server VPS and cloud monitoring services.

Sales: €4m

Employees: 24

Cybersecurity

Vantea Smart. Cybersecurity solutions and services provider. It develops software products and digital e-commerce platforms.

Sales: €7.6m

Employees: around 70

Cy4gate. Software house with a portfolio of proprietary software solutions in cyber-intelligence, cybersecurity and lawful interception.

Sales: €7m

Employees: 38

Cyberoo. Managed service provider in the IT outsourcing segment with focus on cybersecurity and digital transformation. MSP accounts for 65% of revenues, cybersecurity for 23%. The company offers Cyber Security Suite, a platform with a range of services to protect companies from cyber-attacks; managed services, including data center, cloud and device management. It also offers Titaan Suite, a system behavior analyzer that collects and correlates the logs of services, applications, virtual servers, server infrastructure and network assets. Target customers are mid-sized companies.

Sales: €5.6m

Employees: 34

Business transformation and other consultancy services

Lutech. Provides IT system integration solutions and services. The company offers next-gen IT infrastructure and VAR solutions, and proprietary solutions.

Sales: €424m

Employees: 2,100

Elmec Informatica. Managed service provider of IT services with focus on digital infrastructure (data center, backup and disaster recovery) and digital workplace solutions. Engages in the distribution of software and hardware (45% of revenues). Major revenues come from selling and leasing of laptops and other devices B2B.

Sales: €112m

Employees: 526

Relatech. Digital solutions such as digital customer experience, big data, artificial intelligence, blockchain, cybersecurity and IoT. It operates RePlatform, a cloud based customizable

platform for the digital transformation businesses.

Sales: €18m

Employees: around 130

Italian players within the broader cloud computing arena - Business mix

Company	Housing & colocation	Cloud	Cyber security	Managed services	Big Data & analytics	Domain & hosting	IoT	Consultancy
Reevo		●	●	●				
Lutech		●	●		●		●	●
Aruba	●	●	●			●		
Elmec Informatica		●	●	●				
Var group		●	●					●
Westpole		●	●	●	●		●	
Wiit		●	●	●		●		
Noovle	●	●	●	●				●
Relatech		●			●		●	●
Dhh	●	●	●			●	●	
Vantea Smart			●					
Cdlan	●	●				●		
Itnet	●	●		●				
Cy4Gate			●					
Server Plan		●				●		
Cyberoo		●	●	●	●			
Netsons		●				●		

Source: EnVent Research on publicly available information

The picture shows a crowded arena with several companies active in the cloud computing industry, providing a wide range of services in related areas. Some players are owners of the infrastructure and provide housing & co-location services, others are focused on consultancy, on big data or on domain & hosting.

In order to provide a reliable financial snapshot of some of the Italian cloud providers, we have analyzed those with financial data available and with exposure to cloud computing, cybersecurity and managed services.

Italian players within the cloud computing arena - Financial performance

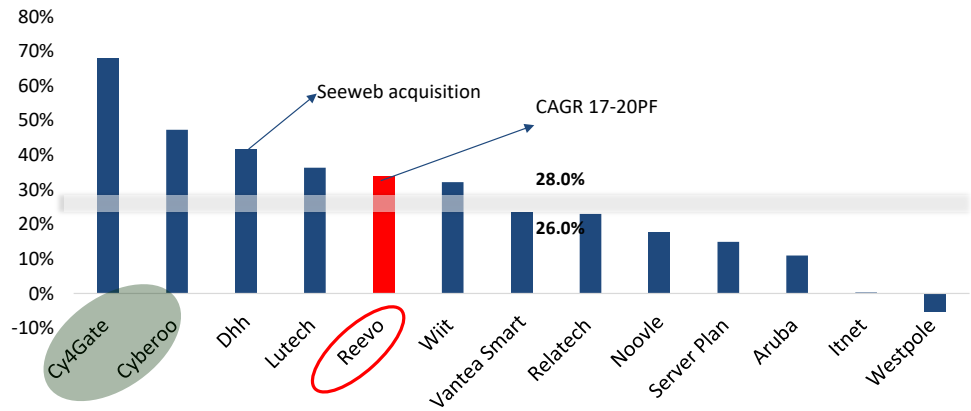
Company	Status	Sales 2019 (€m)	YoY '18 on '19	CAGR '16-19	EBITDA % 2019	EBIT % 2019	Delta D&A	EBITDA % Avg. 4Y	EBITDA % Min 4Y	EBITDA % Max 4Y
Lutech	Private	424.2	33%	36%	10%	2%	8%	10%	10%	10%
Aruba	Private	182.8	20%	11%	27%	17%	10%	26%	24%	27%
Westpole	Private	38.7	-23%	-5%	0%	-20%	19%	1%	-1%	3%
Wiit	Public	33.7	38%	32%	36%	7%	29%	36%	27%	41%
Noovle	Private	31.0	35%	18%	4%	2%	3%	4%	3%	4%
Relatech	Public	15.1	15%	23%	17%	15%	2%	11%	6%	17%
Dhh	Public	11.3	80%	42%	45%	21%	24%	18%	9%	45%
Reevo	Private	9.0	88%	34%	20%	12%	8%	13%	7%	20%
Vantea Smart	Public	7.6	19%	23%	22%	21%	1%	13%	8%	22%
Itnet	Private	7.2	7%	0%	-4%	-15%	10%	4%	-4%	9%
Cy4Gate	Public	7.1	36%	68%	44%	34%	10%	-2%	-30%	44%
Server Plan	Private	6.6	14%	15%	35%	30%	5%	32%	29%	35%
Cyberoo	Public	5.6	23%	47%	44%	20%	23%	32%	23%	44%
Mean			29%	26%	22%	11%	11%	15%	8%	24%
Median			21%	23%	21%	14%	9%	12%	7%	21%

Source: EnVent Research

Note 1: DHH 2019 pro-forma revenues after Seeweb acquisition
 Note 2: ReeVo 2020 pro-forma financials including ReeVo MSP acquisition

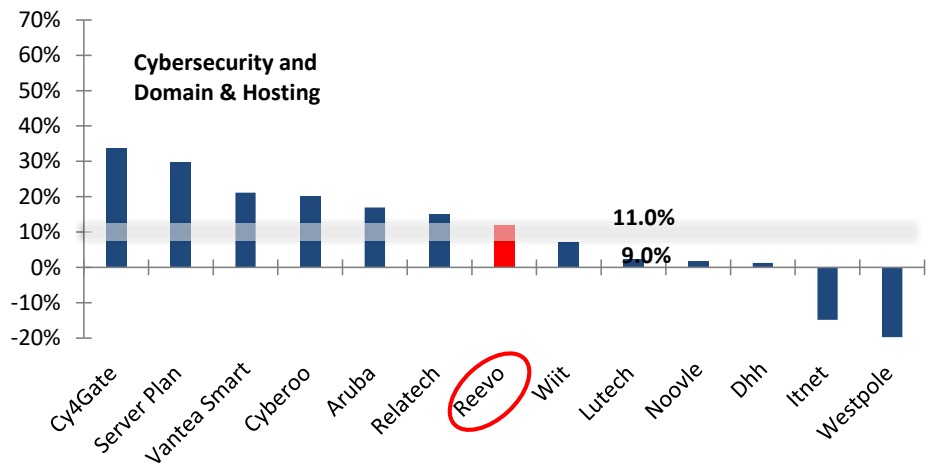
Sales CAGR 2016-19 (€m)

Cybersecurity businesses lead the 4-year rise in sales



Source: EnVent Research on AIDA, ReeVo 2020PF data

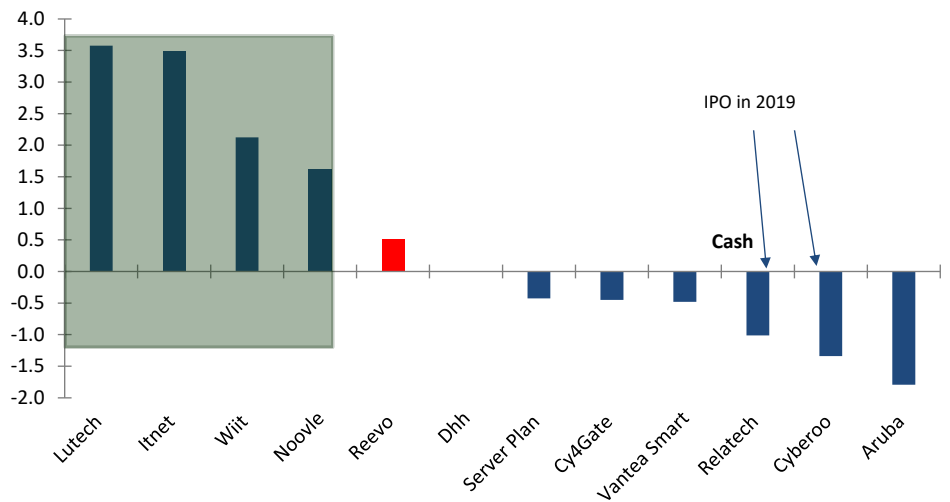
EBIT margin 2019 (%)



Source: EnVent Research on AIDA, ReeVo 2020PF data

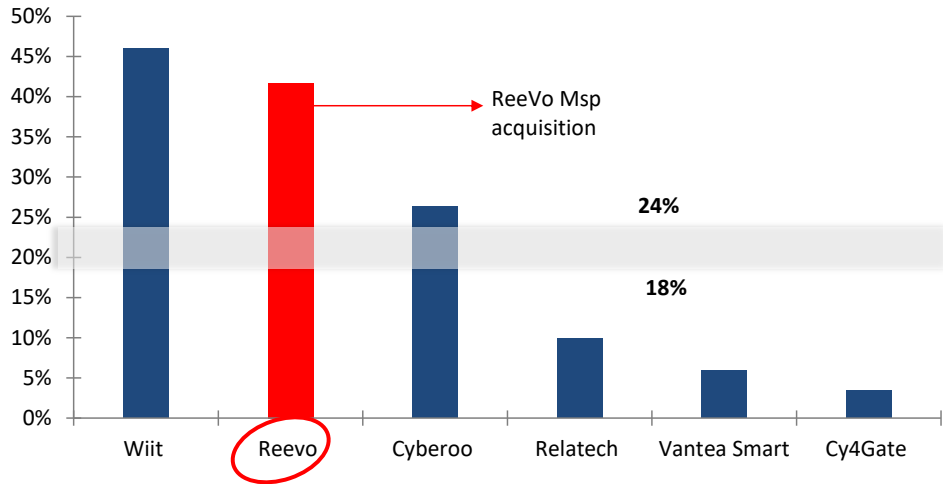
Net debt/EBITDA 2019 (%)

No debt businesses



Source: EnVent Research on AIDA, ReeVo 2020PF data

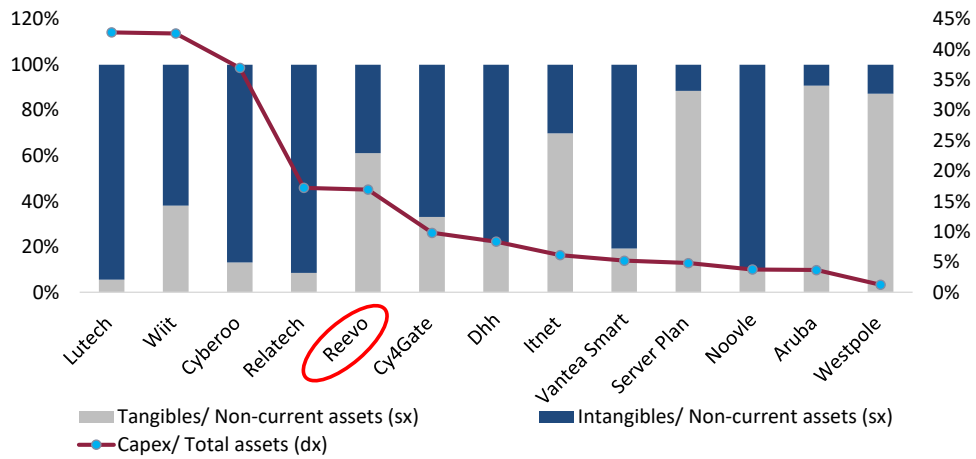
Capex/Sales 2019 (%)



Source: EnVent Research on AIDA, ReeVo 2020PF data

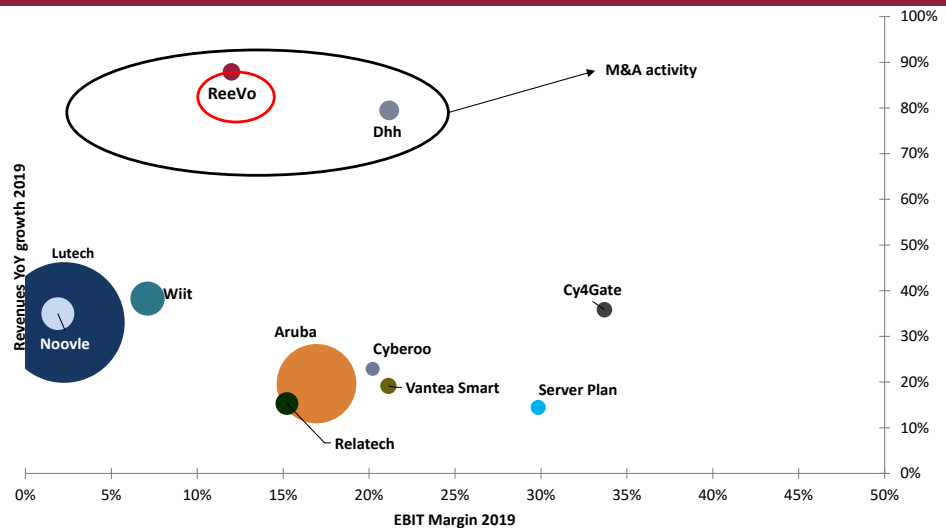
Reevo has capex on total assets within the 15-20% range of the cluster

Tangible and Intangibles mix and Capex on total assets (%)



Source: EnVent Research on AIDA, ReeVo 2020PF data

Positioning based on 2019 YoY Sales growth and EBIT margin, 2019



Source: EnVent Research on AIDA, ReeVo 2020PF data

Key takeaways

- Sales for most companies below €50m
- Apart for some outsiders such as Cy4gate, sales growth is concentrated in the 20-30% 4Y CAGR range
- EBIT margin for companies more focused on domain & hosting and cybersecurity well above 15%
- Financial debt profile is not an issue, with most companies cash positive or slightly exposed to debt
- Intangible assets represent around 15% of sales on average
- To date, ReeVo is among the smaller players in the competitive arena. Despite this, the Company's financials evidence operating margins (EBITDA and EBIT), capex level and debt profile consistent with the industry

7. MARKET METRICS

Market value of comparable companies

Within the wide cloud computing market, populated by cloud service and solution providers (Amazon, Microsoft, Google, IBM, Alibaba, Salesforce, Tencent, Oracle and smaller companies), independent managed service providers, IT and technology-oriented consulting companies and data center operators, we have reviewed and selected the listed companies whose characteristics match the below factors in order to identify a cluster of industry players to a certain extent comparable to ReeVo.

Selection criteria

Key factors:

- IT-cloud-based services
- Business mix with specialization in IaaS multi-cloud and hybrid cloud services, including cybersecurity
- End-customers: both SMEs and larger corporations

Industry players segmentation

We have clustered the analyzed companies in two peer groups, in an attempt to detect performance consistencies and to understand key market metrics (2019 pre-Covid available data).

- **Italian cloud and cybersecurity peers** - digital companies listed on the Italian main market and on AIM Italia segment, that could offer hints on the value potential of Italian small/mid-caps having a similar size and being exposed to the same stock market
- **Global cloud computing peers** - listed companies in global markets, including cloud solution providers and independent managed service providers, operating in the same industry and serving the same target market

Profiles - Italian cloud and cybersecurity peers

SeSa - STAR

Distributes value-added IT products and solutions. Segments: Software and System Integration through the subsidiary VAR, Business Services, Value Added Distribution. In the Software and System Integration segment, dedicated to the digital transformation of SMEs and enterprises, main services are: hybrid cloud services (SaaS, PaaS and IaaS) integrating public cloud and datacenter services (two proprietary datacenter), digital security, managed services, ERP and vertical applications.

2020 Revenues (year-ending April 30th, 2020): €1.8bn - SSI revenues: €0.4bn - Cloud and digital security account for around 10% of SSI segment revenues

Sales model: direct

Comparability: low, due to size and business mix

Reply - STAR

Consulting, system integration and digital services. Services include cloud computing (mainly

hybrid cloud) and cybersecurity.

Revenues: €1.2bn

Sales model: direct

Comparability: low, due to size and business mix

WIIT - STAR

Cloud computing services mostly under hybrid and hosted private cloud models and management of ERP systems in outsourcing. It also operates data centers.

Revenues: €34m

Sales model: direct

Comparability: average

Relatech - AIM Italia

Digital solutions such as digital customer experience, big data, artificial intelligence, blockchain, cybersecurity and IoT.

Revenues: €18m

Sales model: direct and indirect

Comparability: average

DHH - AIM Italia

Provides the virtual infrastructure to run websites, apps, e-commerce and software-as-a-service solutions to customers across Southeast Europe. Through the merger with Seeweb, DHH has added cloud computing, other IT services and four data centers in Italy and Switzerland to its portfolio.

Revenues: €17m (pro-forma including Seeweb acquisition); breakdown: 50% cloud computing, 42% domain & hosting and colocation

Sales model: direct

Comparability: low

Cy4gate - AIM Italia

Software house with a portfolio of proprietary software solutions in cyber-intelligence, cybersecurity and lawful interception. End-markets: government (89% of 2019 sales) and corporates.

Revenues: €9m

Sales model: direct and indirect

Comparability: low

Cyberoo - AIM Italia

Managed service provider in the IT outsourcing segment with focus on cybersecurity and digital transformation. MSP accounts for 65% of revenues, cybersecurity for 23%. The company offers Cyber Security Suite, a platform with a range of services to protect companies from cyber-attacks; and managed services, including data center, cloud and device management services. It also offers Titaan Suite, a system behavior analyzer that collects and correlates the logs of services, applications, virtual servers, server infrastructure and network assets. Target customers are mid-sized companies.

Revenues: €6m

Sales model: direct and indirect (through national and international partners)

Comparability: high

Profiles - Global cloud computing peers

Atos (France)

Engineering, Industry Competence, Digital transformation solutions. It offers cloud, cybersecurity, and computing solutions comprising orchestrated hybrid cloud, big data, business and digital workplace applications tailor-made for major industries and organizations.

Revenues: €12bn

Sales model: direct sales

Comparability: low, due to size, wider range of services and stage of lifecycle

Cancom (Germany)

IT infrastructure and services, managed services provider, system house and SW manufacturer. The Cloud Solutions segment provides cloud and shared managed services. Services range from strategic consulting for digital business processes, partial/complete operation of clients' IT systems (managed systems) system design and integration, delivery of HW and SW, to the sale of its own cloud software. Customers: commercial end-users ranging from SMEs to large corporations, as well as public institutions.

Revenues: €1.6bn

Sales model: direct sales

Comparability: low, due to size and stage of lifecycle

Proofpoint (USA)

Cybersecurity company that enables large and mid-sized organizations to defend, protect, archive and govern their sensitive data. Its security-as-a-service platform consists of solutions, platform technologies and infrastructure delivered by a cloud infrastructure. The company also provides integrated email security, cloud security, advanced threat, information protection and archiving and digital risk protection services.

Revenues: €0.8bn

Sales model: direct and indirect channels, including technology partners

Comparability: average

Qualys (USA)

Cloud-based platform delivering IT, security and compliance solutions aimed at identifying and managing IT assets, collecting and analyzing large amounts of IT security data, discovering vulnerabilities, implementing and verifying remediation actions. It also offers solutions through a SaaS model with renewable annual subscriptions.

Revenues: €0.3bn

Sales model: direct sales and indirect through a network of channel partners

Comparability: high

iomart (UK)

Cloud and managed hosting services to micro and SME markets. Within the Cloud Services segment, iomart provides managed solutions involving private, public and hybrid cloud infrastructure (e.g. online backup and disaster recovery solutions); delivers physical self-service servers (IaaS); supplies computer equipment. The Easyspace segment provides shared hosting and domain registration services. iomart has proprietary data centers. Large customers have multi-year contracts for complex cloud solutions, smaller customers pay in advance for the provision of services.

Revenues: €120m

Sales model: undisclosed

Comparability: partial

Redcentric (UK)

IT managed services to commercial and public sector organizations. It offers network services and cloud services consisting of IaaS, hybrid cloud, colocation hosting, cloud migration, platform as a service, online data backup and disaster recovery. The company also provides communication services and IT security services.

Revenues: €108m

Sales model: undisclosed

Comparability: average

Snowflake (USA)

Cloud-native data warehouse solution encompassing data engineering and data science. Its solution acts as a data abstraction layer that allows customers to share data, internally or externally, and analyze data across different public clouds and geographic regions. Even though Snowflake has both one-year and multi-year contracts, its revenue model doesn't have the same advantage of visibility and recurrence of a subscription model.

Revenues: €84m

Sales model: direct and indirect through partners such as system integrators, resellers and tech partners

Comparability: average

mVISE (Germany)

IT infrastructures and integration, combined with data management and analytics. mVISE provides consulting services in the areas of IT security, data science and analytics, business intelligence, data integration platform, data warehouse, cloud infrastructure and IoT. mVISE supports digitization projects and offers two cloud proprietary integration platforms.

Revenues: €23m

Sales model: undisclosed

Comparability: average

Gigas Hosting (Spain)

Cloud hosting solutions. It offers Cloud Datacenter, a solution that allows to create, modify, re-distribute and manage a virtual data center; and Cloud Virtual Private Server. The company also provides Gigas Cloud Contingency service that enables companies to implement and

integrate automatic protection; SAP cloud solutions; and cloud server for Oracle.

Revenues: €11m

Sales model: direct and indirect through partnerships with systems integrators and local consultancy firms

Comparability: average

Source: EnVent Research on S&P Capital IQ and companies' financial statements

Key data comparison

Company	Revenues 2019 (€m)	Recurring revenues %	YoY '19 on '18	Rev. CAGR 2017-19	Rev. CAGR 2019-22E	2019 Revenue per capita (€k)	EBITDA % 2019	EBITDA % Avg. 5Y	EBITDA % Min 5Y	EBITDA % Max 5Y
Italian cloud and cybersecurity peers										
SeSa	1,551	na	14%	11%	13%	nm	5%	4%	4%	5%
Reply	1,206	na	15%	16%	8%	148	14%	14%	13%	14%
WIIT	34	75%	34%	34%	32%	208	31%	33%	27%	40%
Relatech	18	22%	25%	27%	26%	86	22%	13%	6%	22%
DHH	17	89%	166%	72%	11%	177	33%	25%	9%	63%
Cy4gate	9	na	79%	95%	43%	248	33%	-3%	-27%	33%
Cyberoo	6	79%	73%	na	53%	165	43%	na	na	na
Mean		66%	58%	42%	27%	172	26%	14%	5%	29%
Median		77%	34%	30%	26%	171	31%	13%	7%	27%
Global cloud computing peers										
Atos	11,588	na	9%	-2%	0%	107	13%	12%	11%	14%
Cancom	1,558	12%	18%	16%	9%	408	9%	8%	6%	9%
Proofpoint	791	99%	26%	35%	14%	235	-3%	-8%	-20%	-3%
Qualys	287	na	18%	22%	9%	222	32%	27%	24%	32%
iomart	120	85%	8%	7%	5%	nm	37%	38%	37%	41%
Redcentric	108	89%	-5%	-6%	0%	245	14%	14%	6%	21%
Snowflake	84	na	na	na	121%	90	neg.	na	na	na
mVISE	23	na	-3%	20%	3%	174	5%	5%	-16%	13%
Gigas	11	na	18%	31%	88%	120	21%	8%	-7%	21%
Mean		71%	11%	15%	28%	200	16%	13%	5%	18%
Median		87%	13%	18%	9%	198	14%	10%	6%	17%

Source: EnVent Research on S&P Capital IQ and companies' financial statements

Summary: ReeVo vs. peers

Compared to the selected peers, ReeVo has:

- Size not yet critical
- Per-capita revenues in the high-end
- Low-end positioning in terms of revenue 3Y CAGR, despite double-digit
- Industry-standard profitability, with EBITDA Margin in the region of 20%
- Non-meaningful capitalizations of R&D costs, which are accounted within operating costs, as such EBITDA reflects core profitability

Comparability of selected peers

Key takeaways:

- Lack of fully comparable companies, especially as per business mix and service offering
- Business models are not similar: most peers have a direct sales model, they do not share the same revenue model
- Most of the listed players, especially the global ones, are larger companies with longer

operating histories and more established customer relationships

Even if growth is driven by the same factors and dynamics, being the selected companies exposed to the same fast-growing reference market, we have focused our market multiples analysis on the Italian cluster, more exposed to the same market logics, given the significant discrepancies with global peers.

Market multiples

Data relative to low profitability or loss-making companies have been disregarded, considered non-meaningful, thus avoiding unreliable multiples. Disregarded data are highlighted in grey.

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												
SeSa	0.9x	0.9x	0.8x	16.9x	14.7x	12.3x	25.4x	21.2x	17.3x	42.0x	31.6x	25.9x
Reply	2.7x	2.9x	2.6x	19.2x	17.6x	15.8x	20.6x	21.7x	19.2x	28.8x	31.7x	27.9x
WIIT	9.6x	6.9x	6.3x	31.5x	18.4x	16.3x	70.8x	33.7x	27.5x	256.8x	42.3x	32.8x
Relatech	3.8x	2.6x	2.2x	14.9x	10.1x	8.2x	22.7x	13.8x	11.1x	31.1x	19.9x	16.4x
DHH	5.1x	3.5x	3.0x	37.7x	9.3x	8.1x	47.3x	15.6x	12.2x	80.4x	24.1x	18.4x
Cy4gate	7.8x	6.3x	4.3x	17.9x	14.9x	11.5x	23.6x	23.9x	15.4x	25.8x	32.1x	23.3x
Cyberoo	7.1x	3.6x	2.3x	29.1x	10.9x	4.9x	nm	21.4x	6.4x	nm	49.2x	10.1x
Mean	5.3x	3.8x	3.1x	23.9x	13.7x	11.0x	35.0x	21.6x	15.6x	77.5x	33.0x	22.1x
Median	5.1x	3.5x	2.6x	19.2x	14.7x	11.5x	24.5x	21.4x	15.4x	36.5x	31.7x	23.3x

Cloud computing peers

Atos	0.9x	0.7x	0.7x	7.9x	4.9x	4.6x	13.0x	7.6x	7.0x	14.7x	8.0x	7.2x
Cancom	0.9x	1.0x	0.9x	15.1x	12.1x	10.6x	24.2x	20.1x	16.1x	28.3x	32.7x	26.1x
Proofpoint	7.7x	8.4x	7.1x	10,554.5x	49.8x	38.8x	neg	62.7x	47.5x	neg	73.0x	56.1x
Qualys	11.9x	8.5x	7.6x	33.5x	20.7x	18.8x	44.8x	25.2x	22.9x	51.9x	35.0x	32.1x
iomart	3.6x	3.2x	3.1x	10.2x	8.6x	8.6x	22.9x	16.2x	16.4x	25.2x	18.6x	18.7x
Redcentric	2.3x	2.5x	2.5x	52.5x	9.3x	9.2x	neg	15.2x	14.4x	neg	19.5x	17.8x
Snowflake	255.9x	94.0x	50.0x	neg	neg	neg	neg	neg	neg	neg	neg	neg
mVISE	1.3x	1.4x	1.3x	19.4x	20.1x	13.1x	neg	neg	37.7x	neg	neg	43.6x
Gigas	3.1x	1.2x	0.9x	19.1x	5.7x	4.1x	nm	16.0x	10.3x	neg	33.2x	20.8x
Mean	4.8x	3.4x	3.1x	28.9x	12.9x	10.8x	33.9x	18.1x	20.3x	38.6x	26.6x	26.6x
Median	2.9x	2.5x	2.5x	26.5x	9.3x	9.2x	33.9x	16.1x	16.4x	38.6x	26.4x	20.8x

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

Cloud computing industry multiples

An alternative source of market multiples that could be observed to assess the potential value creation opportunity in ReeVo is to look at the Emerging Cloud Index.

Bessemer Venture Partners, a US venture capital firm specialized in technology start-ups, publishes an analysis of over 50 US cloud computing firms with a market cap ranging \$2,000-300,000m that shows the following indicators:

Company	EV / Annualized Revenue	EV / Forward Revenue	Efficiency	Revenue Growth Rate	Gross Margin	LTM FCF Margin
MEAN	23.3x	18.9x	46.3%	38.1%	71.2%	8.0%
MEDIAN	19.8x	16.0x	35.0%	27.5%	74.0%	7.5%

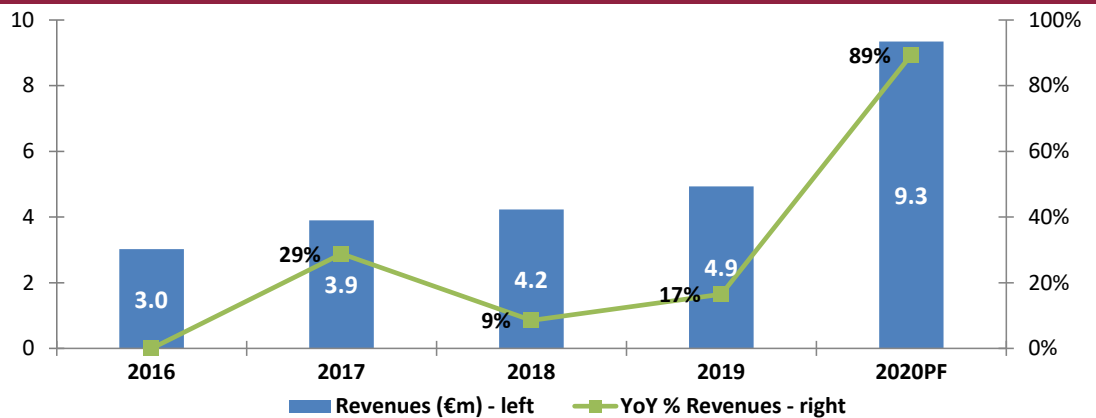
Source: Bessemer Venture Partners, BVP Nasdaq Emerging Cloud Index, February 2021

8. FINANCIAL ANALYSIS AND PROJECTIONS

Organic and profitable growth, M&A, healthy ratios, quality financials

Over the last five years, revenues for ReeVo grew at a double-digit rate. Doubling of revenues in 2020 has been achieved thanks to M&A.

ReeVo - 5Y Historical revenues performance



Source: Company data

5Y CAGR 33%

**Sound P&L metrics:
Per-capita revenues
around €200k,
high-teen digit
EBITDA margin with
sound YoY growth
like-for-like,
mid-teen digit EBIT
margin**

ReeVo reported consolidated revenues of €8.1m in 2020, +64% YoY, driven by the acquisition of IT Factory, now ReeVo MSP, which occurred in July 2020. Pro-forma revenues assuming ReeVo MSP consolidation for full year 2020 would be €9.3m.

Materials and services were in the region of 30-33% of sales. Personnel cost more than doubled compared to 2019 to €1.2m, with the addition of ReeVo MSP workforce of 22 people, bringing the total workforce at 38 people at year-end 2020. Per-capita revenues were in the region of 200k.

EBITDA was €1.7m (21% margin), from €0.7m in 2019 (15% margin), +126% YoY. Pro-forma EBITDA would be €1.8m (20% margin).

EBIT was €1m (12% margin), after €0.7m D&A, +176% YoY. Financial charges and tax rate close to 30% led to a Net Income of €0.7m (8% margin), +150% YoY. Pro-forma Net Income would be €0.8m.

**Low working
capital needs**

On the balance sheet side, trade receivables of €1.7m were almost offset by payables of €1.1m. Trade Working Capital was 8% of sales. Non-current assets are mainly made of M&A-related goodwill (€2m), equipment (€1.2m), right-of-use assets (€1.2m) and intangible assets (€0.8m).

**Low-risk balance
sheet**

At year-end 2020 net financial debt was €1m, from €1.2m as of year-end 2019, with net debt to EBITDA ratio of 0.6x. Equity was €3.7m, over 20% ROE.

**EBITDA conversion
into cash flow before
capex over 100%**

Operating cash flow before capex fully reflects EBITDA, with a cash conversion ratio over 100%. Trade Working Capital absorbed €0.5m cash. Capital expenditure was €3.7m, including €2m goodwill, €0.9m equipment, €0.6m intangible assets and €0.3m right-of-use assets.

Long-term industry relationships drive visibility of revenues

Market trend assumptions

Market trends, industry and competition analyses tell that most growth expectation indicators fall within the 15-25% range. We believe that ReeVo is positioned to grow faster than the market given its current size, niche market and future potential.

Key growth drivers

- Long-term relationships with business partners, based on service quality, performance and reliability, are key indicators of continuity in the revenue stream, also signaled by the annual churn rate below 3%, according to Management
- The multi-year subscription-based revenue model provides for recurring revenues and visibility of projections
- ReeVo's cloud and cybersecurity services incorporated into customers' proprietary IT platforms are critical components for exploiting and protecting data and assuring business continuity. As such, the switching cost for customers is high.
- Organic sales expansion, driven by the untapped digital potential in the target markets and addition of new business partners
- M&A

Estimates

Assumptions	
Pro-forma data used as driver of 2021 assumptions where appropriate	
Revenues	- 2020-2023E: 42% sales CAGR (2021 factoring-in pro-forma data) - Other income stable - No assumptions on capitalizations of R&D
Operating charges	- Materials and services ca. 30% of sales - Personnel +25% YoY (2021 factoring-in pro-forma data) - Other operating costs 1% of sales
Income taxes	- Corporate tax (IRES): 24% - Regional tax (IRAP): 3.90%
Working capital	- Trade working capital consistent with historical level: DSO and DPO 56 - Other assets (liabilities) consistent with 2020 level
Capex	- 5% of revenues for both intangible assets and equipment
Financial debt	- No repayment assumptions in the short-term
Equity	- No dividend distribution

Source: EnVent Research

Consolidated projections

Consolidated Profit and Loss

€m	2019	2020	2021E	2022E	2023E	2020PF
Sales	4.8	7.8	13.5	17.6	22.9	9.0
Capitalization of R&D costs	0.1	0.2	0.0	0.0	0.0	0.2
Other income	0.1	0.1	0.1	0.1	0.1	0.1
Total Revenues	4.9	8.1	13.6	17.7	23.0	9.3
YoY %	16.5%	64.0%	68.6%	29.7%	29.8%	89.4%
Materials	(2.1)	(2.7)	(4.1)	(5.1)	(5.7)	(3.0)
Services	(1.5)	(2.4)	(4.2)	(5.3)	(6.9)	(2.8)
Personnel	(0.5)	(1.2)	(2.0)	(2.5)	(3.1)	(1.6)
Other operating costs	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)
Operating costs	(4.2)	(6.4)	(10.4)	(13.1)	(16.0)	(7.5)
EBITDA	0.7	1.7	3.2	4.6	7.0	1.8
Margin	15.1%	20.8%	23.5%	26.1%	30.6%	19.7%
D&A	(0.4)	(0.7)	(1.0)	(1.4)	(1.8)	(0.7)
EBIT	0.4	1.0	2.2	3.3	5.3	1.1
Margin	7.2%	12.1%	15.9%	18.4%	22.9%	12.0%
Interest	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Write-down of equity investments	(0.0)	0.0	0.0	0.0	0.0	0.0
EBT	0.4	0.9	2.1	3.2	5.2	1.1
Margin	7.7%	11.5%	15.5%	18.1%	22.7%	11.4%
Income taxes	(0.1)	(0.2)	(0.6)	(0.9)	(1.5)	(0.3)
Net Income (Loss)	0.3	0.7	1.5	2.3	3.8	0.8
Margin	5.4%	8.4%	11.2%	13.0%	16.3%	8.4%

Operating profitability
towards the high-end
of the industry

Net income margin
more than doubled in
2020-23E

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

Consolidated Balance Sheet

€m	2019	2020	2021E	2022E	2023E
Trade receivables	1.1	1.7	2.5	3.3	4.3
Trade payables	(1.0)	(1.1)	(1.6)	(2.0)	(2.4)
Trade Working Capital	0.1	0.6	0.9	1.3	1.9
Other assets (liabilities)	0.1	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital	0.2	0.3	0.7	1.0	1.6
Intangible assets	0.4	0.8	1.2	1.6	2.1
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	1.6	2.0	2.4
Equity investments and financial assets	0.1	0.1	0.1	0.1	0.1
Non-current assets	2.0	5.0	5.4	5.8	6.3
Provisions	(0.2)	(0.8)	(1.3)	(1.6)	(2.0)
Net Invested Capital	2.1	4.6	4.7	5.2	5.9
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)	(9.0)	(10.8)	(13.9)
Net Debt (Cash)	1.2	1.0	(6.0)	(7.8)	(10.9)
Equity	0.9	3.7	10.7	13.0	16.8
Sources	2.1	4.6	4.7	5.2	5.9

Since 2021, debt-free company

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

Consolidated Cash Flow

€m	2020	2021E	2022E	2023E
EBIT	1.0	2.2	3.3	5.3
Current taxes	(0.2)	(0.6)	(0.9)	(1.5)
D&A	0.7	1.0	1.4	1.8
Provisions	0.6	0.5	0.3	0.4
Cash flow from P&L operations	2.1	3.2	4.0	6.0
Trade Working Capital	(0.5)	(0.4)	(0.4)	(0.6)
Other assets and liabilities	0.4	0.0	0.0	0.0
Operating cash flow before capex	2.0	2.8	3.7	5.4
Capex	(3.7)	(1.4)	(1.8)	(2.3)
Operating cash flow after working capital and capex	(1.8)	1.4	1.9	3.1
Interest	(0.1)	(0.1)	(0.1)	(0.1)
Write-down of equity investments	0.0	0.0	0.0	0.0
Equity investments and financial assets	(0.0)	0.0	0.0	0.0
Paid-in Capital	2.1	5.5	0.0	0.0
Net cash flow	0.2	6.9	1.9	3.1
Net Debt (Beginning)	(1.2)	(1.0)	6.0	7.8
Net Debt (End)	(1.0)	6.0	7.8	10.9
Change in Net Debt (Cash)	0.2	6.9	1.9	3.1

Target cash flow in the €2-3m region

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

		Ratio analysis				
		2019	2020	2021E	2022E	2023E
Consistency of ratios	ROE	29%	19%	14%	18%	22%
	ROS (EBIT/Sales)	7%	13%	16%	19%	23%
	DSO	70	65	56	56	56
	DPO	83	62	56	56	56
	TWC/Sales	2%	8%	7%	7%	8%
	NWC/Sales	5%	4%	5%	6%	7%
	Net Debt/EBITDA	1.6x	0.6x	cash	cash	cash
	Net Debt/Equity	1.3x	0.3x	cash	cash	cash
	Net Debt/(Net Debt+Equity)	0.6x	0.2x	cash	cash	cash
	Operating cash flow before capex/EBITDA	na	117%	87%	80%	77%
	Per-capita revenues (€k)	369	205	209	217	226

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

9. VALUATION

An Italian cloud pioneer navigating the data economy and cybersecurity wave

Value drivers

- In a high-tech fast growing industry, know-how and growth are value drivers. ReeVo's target is to capture growth driven by the untapped digital potential of SMEs in the cloud computing-based solutions. Growth will be sustained through organic sales, complemented by acquisitions.
- Entry barriers are medium-high, depending on the niche service offered, given the importance of technological know-how, service capability, consolidated relationships with industry customers and distributors
- The recent performance of ReeVo, which shows steady and gradual growth in revenues, both organic and through acquisitions, and industry-like profitability, is consistent with industry expectations and a low risk profile
- Proprietary technology
- Revenue visibility from long-term relationships with business partners, based on service quality, performance and reliability
- Revenue model made of variable costs, lean organization and cost structure, low risk balance sheet with no issues on working capital and financial debt profile

Use of market data

- Market trends, industry and competition analyses tell that most growth expectation indicators fall within the 15-25% range
- Within the wider cloud computing industry, we have identified several companies that could represent benchmarks for applying the same industry logics attributable to ReeVo. The peer groups include diversified companies, with discrepancies on size, stage of development, business mix and market capitalization, signaling that multiples might be inconsistent. To a certain extent we deem market multiples a suitable method to provide a value indication for ReeVo, given that growth is driven by the same factors and dynamics, the exposure to the same fast-growing reference market, the industry-like business model and continuity of relationships with customers. We have focused our market multiples analysis on the Italian cluster, more exposed to the same market logics, given the excessive discrepancies with global peers.

High industry growth rates

Industry benchmarks

Valuation

The valuation of ReeVo has been performed through Discounted Cash Flows applied to our 2021-23E financial projections, market multiples, regression analysis.

Discounted Cash Flows

Main metrics and assumptions:

- Risk free rate: 1.5% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, May 2021)
- Market return: 12.6% (3Y average. Source: Bloomberg, May 2021)
- Market risk premium: 11.1%
- Beta: 0.9
- Cost of equity: 11.5%
- Cost of debt: 2.5%
- Tax rate: 24% IRES
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 8.6%, according to above data
- Perpetual growth rate after explicit projections: 3.0%
- Terminal Value assumes a 3Y average EBITDA margin of 27%

DCF Valuation

€m	2020	2021E	2022E	2023E	Perpetuity
Revenues	8.1	13.6	17.7	23.0	23.7
EBITDA	1.7	3.2	4.6	7.0	6.3
<i>Margin</i>	20.8%	23.5%	26.1%	30.6%	26.7%
EBIT	1.0	2.2	3.3	5.3	4.3
<i>Margin</i>	12.1%	15.9%	18.4%	22.9%	18.3%
Taxes	(0.3)	(0.6)	(0.9)	(1.5)	(1.2)
NOPAT	0.7	1.6	2.4	3.8	3.1
D&A	0.7	1.0	1.4	1.8	2.0
Provisions	0.6	0.5	0.3	0.4	0.4
Cash flow from operations	2.0	3.1	4.0	6.0	5.5
Trade Working Capital	(0.5)	(0.4)	(0.4)	(0.6)	(0.2)
Capex	(3.7)	(1.4)	(1.8)	(2.3)	(2.0)
Other assets and liabilities	0.4	0.0	0.0	0.0	0.0
Unlevered free cash flow	(1.8)	1.4	1.9	3.1	3.3
WACC	8.6%				
Long-term growth (G)	3.0%				
Discounted Cash Flows		1.3	1.6	2.4	
Sum of Discounted Cash Flows	5.3				
Terminal Value					60.1
Discounted TV	46.9				
Enterprise Value	52.2				
Net Debt as of 31/12/20	(1.0)				
IPO Proceeds	5.5				
Minorities as of 31/12/20	(0.2)				
Equity Value	56.6				
DCF - Implied multiples	2020	2021E	2022E	2023E	
EV/Revenues	6.5x	3.8x	2.9x	2.3x	
EV/EBITDA	31.0x	16.3x	11.3x	7.4x	
EV/EBIT	53.3x	24.1x	16.0x	9.9x	
P/E	82.8x	37.1x	24.5x	15.1x	

Source: EnVent Research

Valuation based on market multiples

We have applied mean and median market multiples of the Italian cloud and cybersecurity peers using data which derive from 2Y analyst consensus, to encompass a portion of the short-term expected growth.

At this stage of development and just after an acquisition, there is no ground for a normalized net income. As such net earnings based multiples show an excessive inconsistency with the convergence of the other multiples. It is to be also noted that cost of sales includes materials and, consequently, it would be too subjective to foresee prospective volumes and what kind of contribution to gross margins could be related to the reseller portion of revenues.

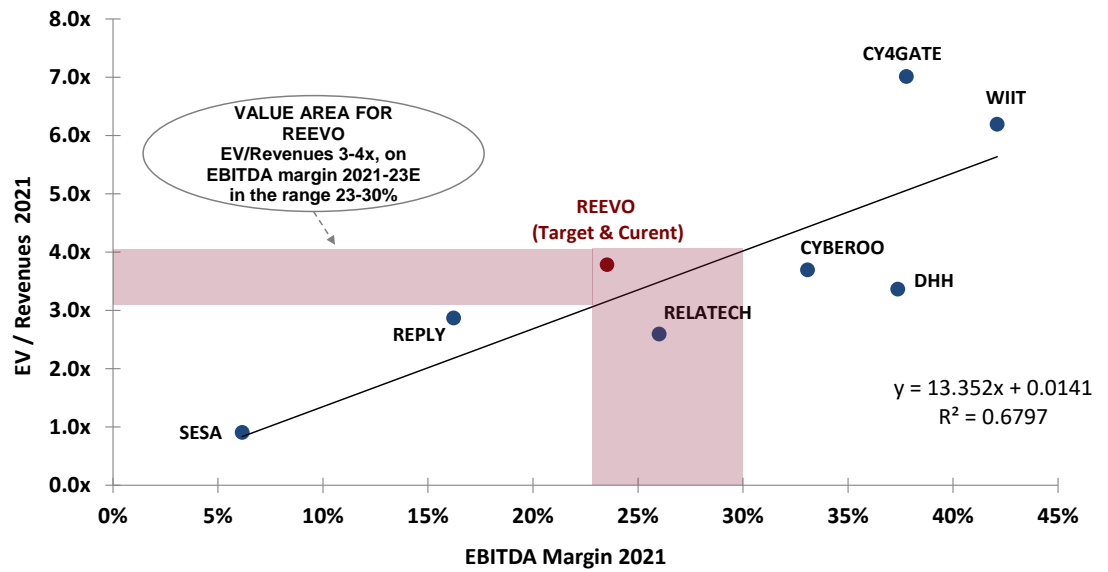
Application of market multiples

Multiples - Italian peers	€m		Multiple	EV (€m)	Net Debt (€m) 31/12/20	Minorities	IPO Proceeds	Equity Value (€m)
ReeVo								
2020PF	Revenues	9.3	<i>Mean</i> 5.3x	49.6	(1.0)	(0.2)	5.5	53.9
			<i>Median</i> 5.1x	47.7	(1.0)	(0.2)	5.5	52.1
2021E	Revenues	13.6	<i>Mean</i> 3.8x	52.0	(1.0)	(0.2)	5.5	56.4
			<i>Median</i> 3.5x	47.2	(1.0)	(0.2)	5.5	51.6
2022E	Revenues	17.7	<i>Mean</i> 3.1x	54.8	(1.0)	(0.2)	5.5	59.2
			<i>Median</i> 2.6x	45.9	(1.0)	(0.2)	5.5	50.2
<i>Mean</i>								
2020PF	EBITDA	1.8	<i>Mean</i> 23.9x	44.1	(1.0)	(0.2)	5.5	48.4
			<i>Median</i> 19.2x	35.4	(1.0)	(0.2)	5.5	39.8
2021E	EBITDA	3.2	<i>Mean</i> 13.7x	44.0	(1.0)	(0.2)	5.5	48.4
			<i>Median</i> 14.7x	47.1	(1.0)	(0.2)	5.5	51.5
2022E	EBITDA	4.6	<i>Mean</i> 11.0x	50.8	(1.0)	(0.2)	5.5	55.2
			<i>Median</i> 11.5x	53.0	(1.0)	(0.2)	5.5	57.3
<i>Mean</i>								
2020PF	EBIT	1.1	<i>Mean</i> 35.0x	39.3	(1.0)	(0.2)	5.5	43.6
			<i>Median</i> 24.5x	27.4	(1.0)	(0.2)	5.5	31.8
2021E	EBIT	2.2	<i>Mean</i> 21.6x	46.9	(1.0)	(0.2)	5.5	51.3
			<i>Median</i> 21.4x	46.5	(1.0)	(0.2)	5.5	50.8
2022E	EBIT	3.3	<i>Mean</i> 15.6x	50.8	(1.0)	(0.2)	5.5	55.2
			<i>Median</i> 15.4x	50.2	(1.0)	(0.2)	5.5	54.5
<i>Mean</i>								
								47.9

Source: EnVent Research

Valuation area derived from regression analysis

The regression analysis combining the embedded values implied by EV/Revenues of peers and expected EBITDA margin ranges helps to visualize a suitable value area for ReeVo. The linear regression shows a fair R^2 . ReeVo's value area assumes an expected 2021-23 EBITDA margin in the region of 23-30%, resulting in EV/Revenues in the 3.2-4.1x range. The corresponding equity values are in the €44-65m range.



Source: EnVent Research

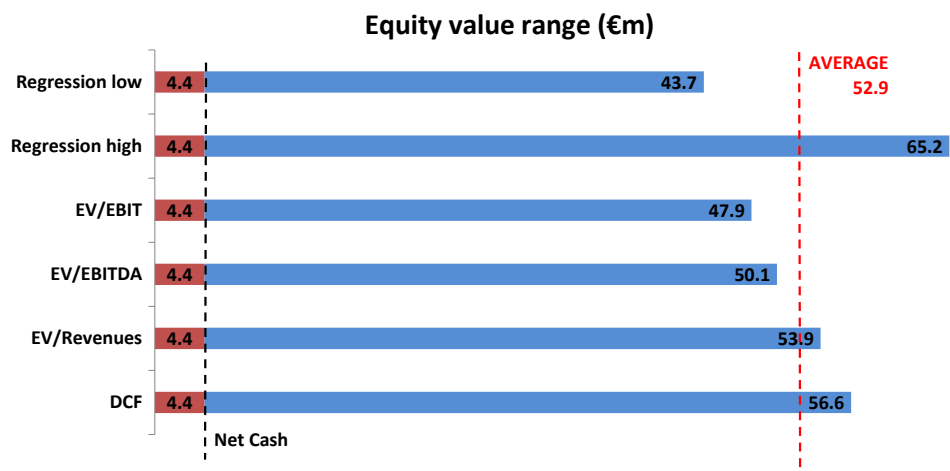
Rationale of valuation metrics

The valuation range serves a multipurpose signaling presumption:

- The DCF scenario represents the present standpoint in the value building path
- EV/Revenues values are deemed to express the value embedded in the mid-term visibility of revenues
- The EBITDA-based values are deemed to represent the support coming from industry consistent operating profitability
- The Regression analysis represents a proxy of the likely values indicated by the revenue and operating profit scenario

Valuation summary

The resulting range of €44-65m equity value is set as a suitable reference to evaluate ReeVo’s investment case. Within the range we prefer to rely on the DCF model as based on a comprehensive set of market and company’s metrics.



Source: EnVent Research

Target Price

The application of our DCF valuation model yields a share price of €12.32, 12% upside on the current price of €11.00 and +59% on the IPO price of €7.74. As a consequence, we assign a NEUTRAL recommendation on the stock.

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

ReeVo Price per Share	€
Target Price	12.32
Current Share Price (13/05/2021)	11.00
Premium (Discount)	12%

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ReeVo S.p.A

Date	Recommendation	Target Price (€)	Share Price (€)
13/05/2021	NEUTRAL	12.32	11.00

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