

## COMPANY UPDATE



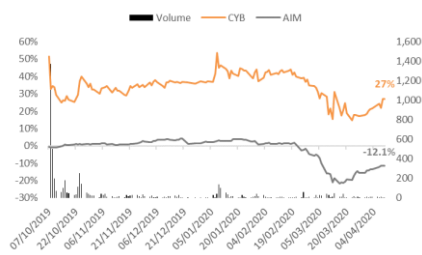
**Fair Value: €6.24**  
(prev. €4.62)

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### Relative Performance Chart (Since IPO)



#### Market Data:

Current Price (€)	3.63
Fair Value (€)	6.24
Market Cap (€mn)	34.49
52 Wk High (€)	4.69
52 Wk Low (€)	3.08
Free Float (%)	26.3
Avg. Daily Trading 90d	15091
Price Change 1w (%)	5.52
Price Change 1m (%)	-1.22
Price Change YTD (%)	-7.40
EV/EBITDA 2019A	12.71
EV/EBITDA 2020E	9.93
P/E 2019A	48.9
P/E 2020E	29.5

## Cyberoo: An Antivirus Bet That Paid Off

**2019 Financial Results.** Cyberoo recorded €6.7mn of total revenues (€5.6mn sales) in FY19, +28.3% YoY and 1.1pp above our estimates. As a result of the strategic activities, cybersecurity revenues reached €1.3mn, increasing their weight on sales from 19% to 23%. Managed Services recorded revenues of €3.7mn (65% of sales) and Digital Transformation accounted for €700k (12.4% of sales). EBITDA reached €2.5mn in 2019, with EBITDA margin reaching 36.5%, 7.2% above our estimates. Net income reached €705k with a margin of 10.5%. As a result of the injection of capital due to the IPO, the company has a positive cash position of €3.3mn.

**Impact of COVID-19 on CYB's business.** According to the Government's decree of March 22<sup>nd</sup>, Cyberoo's activities are deemed "essential and strategic", therefore the company is continuing its operations, even if at a slower pace. In order to value the possible impacts of COVID-19 on the company's future results, we have developed three possible scenarios based on three variables: i) the lockdown duration; ii) the lower rate of 2020 commercial activity and implied revenues lost during the lockdown period; and iii) the recovery rate of the revenues missed during the lockdown period. In light of the commercial agreements signed by Cyberoo during FY19, we have upwardly reviewed our revenues' growth estimates, on a pre-COVID-19 basis, increasing the CAGR 2019-2023 to 28.4%, 6.3pp higher than our previous forecasts. Taking into consideration the economic effects of COVID-19 and quarantine, we built the following scenario: a) the worst-case scenario hypothesizes five months of slower commercial activities, leading to 2020 revenues of -9.6% (with respect to previous 2020 estimates) and assumes 0% recovery of the lost revenues for the following years due to decreasing demand and commercial activities; b) the base-case scenario supposes three months of slower commercial activities and an implied change of estimated revenues of -5.8% (with respect to previous 2020 estimates) and a 50% recovery in the 2021; c) the best-case scenario assumes one month of slower commercial activities implying -1.9% of revenues (with respect to previous 2020 estimates) and a recovery of 100% of revenues during 2021 due to a rise in demand for cybersecurity services.

- **Worst-case scenario:** FY20 revenues at €8.2mn reaching €22.2mn in FY23
- **Base-case scenario:** FY20 revenues at €8.5mn reaching €23.6mn in FY23
- **Best-case scenario:** FY20 revenues at €8.9mn reaching €24.4mn in FY23

**Valuation.** Inputting our estimates from the base-case scenario, our valuation - based on both DCF and market multiple models and considering the warrants dilution effect - we estimate a share price of €6.24, a potential upside of 72% on current market price and 35% increase on our last estimated price. Additionally, we performed a what-if analysis to assess the share value's sensitivity to reduction in the FY20 revenues and to the recovery rate of the latter during 2021. The sensitivity gives a price range varying between €5.60 per share in the worst-case scenario, an upside of 54% on the current price, and €6.62 per share, an 82% upside, in the best-case scenario.

€ Million	Total Revenues	EBITDA	EBITDA Margin	EBIT	Net Profit*	Net Margin	EPS
2018A	5.2	1.7	33.1%	0.9	0.4	8.3%	n.m.
2019A	6.7	2.5	36.5%	1.1	0.7	10.5%	0.1
2020E	8.5	3.1	36.8%	1.6	1.2	13.7%	0.1
2021E	13.1	6.1	46.6%	4.4	3.1	24.0%	0.3
2022E	19.1	9.9	51.7%	8.0	5.7	29.8%	0.6
2023E	23.6	12.8	61.9%	10.8	7.7	32.5%	0.8

Source: Company data, KT&Partners' estimates; \*2018 net profit adjusted for extraordinary items (€0.4mn after tax)

## Cyberoo SpA - Key Figures

	Current price (€)	Fair Value (€)	Sector				Free Float (%)
	3.63	6.24	Software				26.3
Per Share Data							
	2018A	2019A	2020E	2021E	2022E	2023E	
Total shares outstanding (mn)	n.m.	9.50	9.50	9.50	9.50	9.50	9.50
EPS	n.m.	0.07	0.12	0.33	0.60	0.81	0.81
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)							
Revenues	5.2	6.7	8.5	13.1	19.1	23.6	
EBITDA	1.7	2.5	3.1	6.1	9.9	12.8	
EBIT	0.9	1.1	1.6	4.4	8.0	10.8	
EBT	0.3	1.0	1.6	4.4	8.0	10.8	
Taxes	(0.3)	(0.3)	(0.5)	(1.3)	(2.3)	(3.1)	
Tax rate	100%	33%	29%	29%	29%	29%	
Net Income*	0.4	0.7	1.2	3.1	5.7	7.7	
Balance Sheet (EUR million)							
Total fixed assets	3.9	6.7	6.3	6.0	5.6	5.2	
Net Working Capital (NWC)	(0.5)	0.9	1.2	2.2	3.6	4.6	
Provisions	(0.2)	(0.2)	(0.4)	(0.7)	(1.0)	(1.3)	
Total Net capital employed	3.1	7.4	7.0	7.5	8.3	8.5	
Net financial position/(Cash)	0.5	(3.3)	(4.8)	(7.4)	(12.4)	(19.8)	
Total Shareholder's Equity	2.6	10.6	11.8	15.0	20.6	28.3	
Cash Flow (EUR million)							
Net operating cash flow	-	2.1	2.7	4.8	7.6	9.6	
Change in NWC	-	(1.4)	(0.3)	(1.0)	(1.4)	(1.0)	
Capital expenditure	-	(4.1)	(1.0)	(1.3)	(1.4)	(1.4)	
Other cash items/Uses of funds	-	0.0	0.1	0.2	0.2	0.2	
Free cash flow	-	(3.5)	1.5	2.6	5.0	7.4	
Enterprise Value (EUR million)							
Market Cap	n.a.	34.5	34.5	34.5	34.5	34.5	
Minorities	-	-	-	-	-	-	
Net financial position/(Cash)	0.5	(3.3)	(4.8)	(7.4)	(12.4)	(19.8)	
Enterprise value	n.a.	31	30	27	22	15	
Ratios (%)							
EBITDA margin	33.1%	36.5%	36.8%	46.6%	51.7%	54.0%	
EBIT margin	17.6%	16.9%	19.3%	33.9%	41.9%	45.8%	
Gearing - Debt/equity	18.2%	-30.9%	-40.6%	-49.6%	-60.0%	-70.0%	
Interest cover on EBIT	-4.1%	7.6%	0.2%	0.1%	0.0%	0.0%	
NFP/EBITDA	27.8%	-133.9%	-152.8%	-121.7%	-125.2%	-155.4%	
ROCE	29.5%	15.4%	23.5%	58.9%	96.9%	127.3%	
ROE	0.0%	6.6%	9.9%	21.0%	27.5%	27.1%	
EV/Sales	n.m.	4.6x	3.7x	2.4x	1.6x	1.3x	
EV/EBITDA	n.m.	12.7x	9.9x	5.1x	3.2x	2.4x	
P/E	n.m.	48.9x	29.5x	11.0x	6.1x	4.5x	
Free cash flow yield	n.m.	-11.1%	4.8%	8.4%	15.9%	23.9%	
Growth Rates (%)							
Sales	n.m.	28.3%	26.8%	53.6%	45.9%	23.7%	
EBITDA	n.m.	41.7%	28.0%	94.3%	61.9%	29.1%	
EBIT	n.m.	23.4%	45.0%	169.3%	80.6%	35.1%	
Net Income	n.m.	212.7%	65.6%	169.6%	80.7%	35.1%	

Source: Company data, KT&Partners' elaboration

### Company Description

Cyberoo SpA, headquartered in Reggio Emilia and controlled by SEDOC Srl, is an emerging Italian player in the cybersecurity sector. Started in 2008 as a device distributor, the company has been able to evolve initially as a provider of subscription-based managed security services and subsequently entered the cybersecurity market. In 2019, Cyberoo launched three proprietary security software applications, developed in-house. Cyberoo's business units are: Cybersecurity, Managed Services, and Digital Transformation.

## 2019 Financial Results

During FY19 Cyberoo's performance was positive. The key economics and financials of 2019 are the following:

- Sales revenues at €5.6mn, +22.9% YoY;
- Total revenues at €6.7mn, +28.3% YoY;
- EBITDA €2.5mn (36.5% EBITDA margin), +41.7% YoY;
- EBIT at €1.1mn, +23.4% YoY;
- Net income €705k;
- Net cash (NFP) at €3.3mn.

With double-digit growth of 22.9% YoY, sales reached €5.6mn (4.4pp lower than our estimates). The company worked especially on expanding the Cybersecurity segment, resulting in 22.5% of total sales compared with the 19% of FY18, whose revenues increased by 46.6% YoY reaching €1.3mn (1.9pp below our expectations). The Managed Services segment still represents the more significant part of sales, with 65% of the total at €3.7mn (0.7pp below our expectations). The Digital Transformation segment totaled €700k (23.2pp below our expectations). Other sources of revenues account for €1.1mn, for total revenues of €6.7mn, 28.3% higher than FY18 and 1.1pp above our expectations.

The EBITDA recorded in 2019 was €2.5mn, up by 41.7% YoY (7.2pp above our expectations). Likewise, EBITDA margin increased from 33.1% to 36.5%. The improvement in EBITDA is mainly due to the expansion of the Cybersecurity business and the higher marginalities of this segment. In fact, during the year, Cyberoo has started to commercialize three new proprietary software applications - CSI, Cypeer, and Titaan.

In 2019, EBIT stood at €1.1mn (12.9pp below our expectations) with an EBIT margin of 16.9%. This is due to high capital investment and therefore higher amortization during FY19.

Looking at the bottom line, net income stood at €705k compared with a FY18 net income of €0k (which was affected by non-recurring provision and write-off related to non-core assets). It resulted in a net margin of 10.5% (24.7pp below our expectations).

Lastly, the net financial position went from €482k for FY18 to a positive net cash of €3.3mn for FY19. It was mainly due to the capital collected during the IPO. However, we notice a negative delta value of €3.2mn compared with our estimates (€6.49mn) mainly due to higher than expected investment, done in order to catch business opportunities that arose at the end of 2019.

Cyberoo 2019 Results

€ thousand	FY18PF	FY19A	YoY Growth	FY19E	A vs E
Cyber Security	865	1,268	46.6%	1,292	-1.9%
Managed Services	2,873	3,656	27.2%	3,680	-0.7%
Digital Transformation	837	700	-16.4%	911	-23.2%
<b>Sales Revenues</b>	<b>4,575</b>	<b>5,623</b>	<b>22.9%</b>	<b>5,883</b>	<b>-4.4%</b>
Other Revenues	666	1,101	65.3%	765	44.0%
<b>Total Revenues</b>	<b>5,241</b>	<b>6,724</b>	<b>28.3%</b>	<b>6,648</b>	<b>1.1%</b>
Products and Raw materials	(1,245)	(2,168)	74.1%	(1,479)	46.6%
<b>Gross Profit</b>	<b>3,996</b>	<b>4,556</b>	<b>14.0%</b>	<b>5,169</b>	<b>-11.9%</b>
Gross Margin	76.2%	67.8%	-11.1%	77.8%	-12.9%
Cost of Services	(835)	(433)	-48.2%	(1,168)	-62.9%
Rental Costs	(87)	(115)	31.8%	(112)	2.9%
Personnel Expenses	(1,227)	(1,461)	19.1%	(1,452)	0.6%
Other Operating Expenses	(114)	(92)	-19.6%	(147)	-37.4%
<b>EBITDA</b>	<b>1,732</b>	<b>2,455</b>	<b>41.7%</b>	<b>2,290</b>	<b>7.2%</b>
EBITDA margin	33.1%	36.5%	10.5%	34.5%	6.0%
D&A and Provisions	(811)	(1,319)	62.5%	(986)	33.7%
<b>EBIT</b>	<b>921</b>	<b>1,136</b>	<b>23.4%</b>	<b>1,304</b>	<b>-12.9%</b>
EBIT margin	17.6%	16.9%	-3.8%	19.6%	-13.9%
Financial Income and Expenses	37	(86)	-330.1%	-	n.m.
Extraordinary items	(622)	-	-100.0%	-	n.m.
<b>EBT</b>	<b>336</b>	<b>1,050</b>	<b>212.7%</b>	<b>1,304</b>	<b>-19.5%</b>
Taxes	(336)	(345)	2.8%	(378)	-8.8%
Tax Rate	100.0%	32.9%	-67.1%	29.0%	13.3%
<b>Net Income</b>	<b>0</b>	<b>705</b>	<b>n.m.</b>	<b>926</b>	<b>-23.9%</b>
Net margin	0.0%	10.5%	n.m.	13.9%	-24.7%

Source: Company presentation and KT&Partners' elaborations

## Change in estimates 2020-2023

In light of the commercial agreements signed by Cyberoo during FY19, we have upwardly reviewed our revenues' growth estimates, on a pre-COVID-19 basis. In fact, during the year, Cyberoo entered into multiple commercial agreements - ICOS, Digital 360, Zerouno Informatica, Ricca, and Freedcamp. The partnership agreement signed with ICOS, one of the major value-added distributors in the IT sector, represents the first distribution agreement signed by Cyberoo. Cyberoo's products and services will be commercialized by the new ICOS' division dedicated to cybersecurity for enterprises. Consequently, without including the COVID-19 impact, we reviewed our estimation of growth with a CAGR 2019-2023 of 28.4%, 6.3pp higher than our previous forecasts. Additionally, since the FY19 financials show a level of capital investment higher than expected, we lowered our EBIT estimates for 2020.

COVID-19 is the biggest challenge the world has been called to face in the last 10 years. Just as its spread was unpredictable, the long-term marks it will leave on global citizens and economies will also be unpredictable. As for the short term, the world's economy is currently arrested, and most businesses have been negatively impacted. In order to assess the possible effects of COVID-19 over CYB's results we have built a what-if analysis based on three scenarios, each grounded on three variables:

- 1) Lockdown duration;
- 2) Lower commercial activities and impacts on clients' acquisition rate;
- 3) Recovery rate in the 2021-2023 period.

Cyberoo's revenues largely depend on existing clients' monthly services fees and Cyberoo's activities have been deemed among the essential and strategic by the Government's Prime Ministerial Decree of March 22<sup>nd</sup>, 2020. This implies a continuation of operations during the lockdown, even if at a slower rate. We then forecast the negative impact of COVID-19 mainly on the acquisition rate of new clients during the lockdown due to less intense commercial activities.

Starting from a base-case scenario for 2020, we developed a best-case scenario, based on an improvement of the previously discussed variables, and a worst-case scenario, based on deteriorating conditions. Those scenarios will depend on the economy's recovery and related government measures to support firms:

1. **Worst-Case Scenario:** Our worst-case scenario assumes: i) a lockdown period of three months generating a slower pace of commercial activities for two more months after the lockdown's end; ii) a 9.6% decline in FY20 sales forecasted at €8.2mn; and iii) no recovery in the following years of the revenues lost during the quarantine period. As a consequence of the lower level of commercial activities, with revenues in FY23 reaching €22,2mn, the CAGR 2019-2023 will settle at 25.2%, 3.2pp below our estimates in a scenario with no COVID-19 impacts and 3.1pp above our previous forecasts.
2. **Base-Case Scenario:** Our base-case scenario assumes: i) a lockdown period of two months generating a slower pace of commercial activities for one more month after the lockdown's end; ii) a 5.8% decline in FY20 sales forecasted at €8.5mn; and iii) 50% recovery in 2021 of the revenues lost during the quarantine period. As a consequence of the lower level of commercial activities, with revenues FY23 reaching €23.6mn, the CAGR 2019-2023 will settle at 27.1%, 1.3pp below our estimates in a

scenario with no COVID-19 impacts and 5pp above our previous forecasts.

3. **Best-Case Scenario:** Our best-case scenario assumes: i) a lockdown period of two months generating a slower pace of commercial activities for just one month; ii) a -1.9% decline in FY20 sales forecasted at €8.9mn; and iii) 100% recovery in 2021 of the revenues lost during the quarantine period. With revenues for FY23 reaching €24.4mn, the CAGR 2019-2023 will be +28.2%, 0.2pp below our estimates in a scenario with no COVID-19 impacts and 6.1pp above our previous forecasts.

**Worst-Case Scenario**

€ thousand	2019A	2020E	2020E	Change Post-COVID	2021E	2021E	Change Post-COVID	2022E	2022E	Change Post-COVID	2023E	2023E	Change Post-COVID	CAGR 2019-'23	CAGR 2019-'23
	Old KT&P	New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P			
Revenues	6,724	9,044	8,177	-9.6%	12,686	12,319	-2.9%	17,667	17,970	1.7%	20,089	22,221	10.6%	22.1%	25.2%
YoY Change (%)		34.5%	21.6%		40.3%	50.7%		39.3%	45.9%		13.7%	23.7%			
EBITDA	2,455	3,512	2,856	-18.7%	5,729	5,465	-4.6%	9,071	8,934	-1.5%	10,605	11,566	9.1%	31.8%	34.7%
YoY Change (%)		43.0%	16.3%		63.1%	91.4%		58.3%	63.5%		16.9%	29.5%			
EBITDA margin%	36.5%	38.8%	34.9%		45.2%	44.4%		51.3%	49.7%		52.8%	52.1%			
EBIT	1,136	2,375	1,362	-42.7%	4,420	3,798	-14.1%	7,665	7,065	-7.8%	9,184	9,636	4.9%	40.2%	41.9%
YoY Change (%)		109.1%	19.9%		86.1%	179.0%		73.4%	86.0%		19.8%	36.4%			
EBIT margin%	17%	26%	17%		35%	31%		43%	39%		46%	43%			
Net Income	705	1,686	965	-42.8%	3,138	2,694	-14.1%	5,442	5,014	-7.9%	6,520	6,839	4.9%	40.2%	41.9%
YoY Change (%)		139.3%	36.8%		86.1%	179.4%		73.4%	86.1%		19.8%	36.4%			
Net margin%	10%	19%	12%		25%	22%		31%	28%		32%	31%			
NFP/(Cash)	(3,288)	(7,972)	(4,676)	-41.3%	(10,451)	(6,955)	-33.5%	(14,908)	(11,330)	-24.0%	(21,114)	(18,006)	-14.7%	27.6%	22.6%
YoY Change (%)		142.5%	42.2%		31.1%	48.7%		42.6%	62.9%		41.6%	58.9%			

Source: Company data, KT&Partners' elaborations

**Base-Case Scenario**

€ thousand	2019A	2020E	2020E	Change Post-COVID	2021E	2021E	Change Post-COVID	2022E	2022E	Change Post-COVID	2023E	2023E	Change Post-COVID	CAGR 2019-'23	CAGR 2019-'23
	Old KT&P	New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P			
Revenues	6,724	9,044	8,525	-5.8%	12,686	13,097	3.2%	17,667	19,105	8.1%	20,089	23,624	17.6%	22.1%	27.1%
YoY Change (%)		34.5%	26.8%		40.3%	53.6%		39.3%	45.9%		13.7%	23.7%			
EBITDA	2,455	3,512	3,141	-10.6%	5,729	6,102	6.5%	9,071	9,881	8.9%	10,605	12,752	20.2%	31.8%	38.0%
YoY Change (%)		43.0%	28.0%		63.1%	94.3%		58.3%	61.9%		16.9%	29.1%			
EBITDA margin%	36.5%	38.8%	36.8%		45.2%	46.6%		51.3%	51.7%		52.8%	54.0%			
EBIT	1,136	2,375	1,647	-30.7%	4,420	4,435	0.3%	7,665	8,012	4.5%	9,184	10,825	17.9%	40.2%	46.1%
YoY Change (%)		109.1%	45.0%		86.1%	169.3%		73.4%	80.6%		19.8%	35.1%			
EBIT margin%	17%	26%	19%		35%	34%		43%	42%		46%	46%			
Net Income	705	1,686	1,167	-30.8%	3,138	3,147	0.3%	5,442	5,686	4.5%	6,520	7,683	17.8%	40.2%	46.1%
YoY Change (%)		139.3%	65.6%		86.1%	169.6%		73.4%	80.7%		19.8%	35.1%			
Net margin%	10%	19%	14%		25%	24%		31%	30%		32%	33%			
NFP/(Cash)	(3,288)	(7,972)	(4,798)	-39.8%	(10,451)	(7,424)	-29.0%	(14,908)	(12,375)	-17.0%	(21,114)	(19,822)	-6.1%	27.6%	25.6%
YoY Change (%)		142.5%	45.9%		31.1%	54.7%		42.6%	66.7%		41.6%	60.2%			

Source: Company data, KT&Partners' elaborations

**Best-Case Scenario**

€ thousand	2019A	2020E	2020E	Change Post-COVID	2021E	2021E	Change Post-COVID	2022E	2022E	Change Post-COVID	2023E	2023E	Change Post-COVID	CAGR 2019-'23	CAGR 2019-'23
	Old KT&P	New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P		New Post-covid KT&P	Old KT&P			
Revenues	6,724	9,044	8,873	-1.9%	12,686	13,536	6.7%	17,667	19,747	11.8%	20,089	24,417	21.5%	22.1%	28.2%
YoY Change (%)		34.5%	32.0%		40.3%	52.6%		39.3%	45.9%		13.7%	23.7%			
EBITDA	2,455	3,512	3,427	-2.4%	5,729	6,433	12.3%	9,071	10,387	14.5%	10,605	13,393	26.3%	31.8%	39.7%
YoY Change (%)		43.0%	39.6%		63.1%	87.7%		58.3%	61.5%		16.9%	28.9%			
EBITDA margin%	36.5%	38.8%	38.6%		45.2%	47.5%		51.3%	52.6%		52.8%	54.9%			
EBIT	1,136	2,375	1,933	-18.6%	4,420	4,766	7.8%	7,665	8,518	11.1%	9,184	11,467	24.9%	40.2%	48.2%
YoY Change (%)		109.1%	70.1%		86.1%	146.6%		73.4%	78.7%		19.8%	34.6%			
EBIT margin%	17%	26%	22%		35%	35%		43%	47%		46%	47%			
Net Income	705	1,686	1,370	-18.8%	3,138	3,382	7.8%	5,442	6,046	11.1%	6,520	8,140	24.8%	40.2%	48.2%
YoY Change (%)		139.3%	94.4%		86.1%	146.9%		73.4%	78.8%		19.8%	34.6%			
Net margin%	10%	19%	15%		25%	25%		31%	31%		32%	33%			
NFP/(Cash)	(3,288)	(7,972)	(4,920)	-38.3%	(10,451)	(7,765)	-25.7%	(14,908)	(13,021)	-12.7%	(21,114)	(20,883)	-1.1%	27.6%	27.2%
YoY Change (%)		142.5%	49.6%		31.1%	57.8%		42.6%	67.7%		41.6%	60.4%			

Source: Company data, KT&Partners' elaborations

## Valuation

In order to express a valuation for Cyberoo we considered the projections of future financials and the estimates of the base-case scenario. We proceeded with the company's valuation by applying the following methods: i) DCF method; ii) 2020-2022 EV/EBITDA multiple; iii) 2020-2022 EV/EBIT multiple; and iv) 2020-2022 P/E multiple.

According to the different valuation methods, our estimate of Cyberoo's fair value is equal to or €6.24 per share. The fair value is the result of:

1. **Average of valuation methods - EV/EBITDA, EV/EBIT, P/E multiple and DCF:** fair value of €6.65ps;
2. **Warrant dilution effect:** Cyberoo distributed 2.5mn warrants exercisable from October 1<sup>st</sup>, 2020. Being the warrants in the money (strike price €3.14), we carried out a simulation considering the exercise of the free float (26% of market cap). On a shares/warrant ratio of 0.5, the exercise of the warrants held by the market would lead to an issue of 1.25mn new shares with a ca. €3.9mn capital increase. The diluted fair value would be equal to €6.24ps (based on overall 10.7mn shares).

### Valuation Recap

	Value per share €
Valuation model avg	6.65
Post Warrant Dilution	6.24
<b>Fair Value</b>	<b>6.24</b>

Source: KT&Partners' elaborations

In addition, in order to consider the different values of the driving variables - lockdown duration, revenues lost during 2020, and recovery rate during 2021 - we proceeded with a sensitivity analysis of the stock price. The sensitivity analysis returns a range for the share price's value that goes from €5.60 per share in the worst-case scenario to €6.62 per share in the best-case scenario, respectively a 54% and 82% upward revision compared with the current price.

### Sensitivity Analysis

	Recovery Rate					
		0%	25.0%	50.0%	75.0%	100%
Delta Rev 2020	-9.6%	5.60	5.76	5.93	6.09	6.26
	-7.7%	5.82	5.95	6.08	6.22	6.35
	-5.8%	6.04	6.14	6.24	6.34	6.44
	-3.8%	6.26	6.33	6.39	6.46	6.53
	-1.9%	6.48	6.52	6.55	6.58	6.62

Source: KT&Partners' elaboration

## Market Multiple Valuation

After a deep analysis of the plausibly comparable public companies, we based our multiples valuation on a sample of ten companies considerable as peers, given Cyberoo's core business, growth profile, and the profitability structure. Following the comparables analysis, we proceeded with the definition of market multiples of the peer group, focusing on 2020, 2021, and 2022 data.

### Peers Comparison - Market Multiples 2019-2022

Company Name	Exchange	Market Cap	EV/SALES 2019	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2019	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2019	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2019	P/E 2020	P/E 2021	P/E 2022
NortonLifeLock Inc.	NASDAQ	10,632	1.4x	1.5x	1.4x	n.a.	3.6x	3.2x	2.7x	n.a.	4.2x	3.5x	2.9x	n.a.	21.8x	17.8x	12.9x	n.a.
Fortinet, Inc.	NASDAQ	16,076	7.4x	6.2x	5.4x	4.7x	31.1x	23.5x	19.0x	16.5x	n.m	26.2x	21.5x	18.1x	n.m	38.2x	32.7x	28.3x
CyberArk Software Ltd.	NASDAQ	3,105	6.7x	5.7x	4.9x	4.3x	n.m	27.2x	21.2x	18.4x	n.m	27.7x	22.0x	19.7x	n.m	41.7x	33.9x	31.0x
Palo Alto Networks, Inc.	NYSE	16,214	5.9x	4.9x	4.2x	3.5x	n.m	22.5x	18.6x	14.4x	n.m	30.0x	22.8x	17.5x	n.m	39.2x	30.8x	24.4x
NetScout Systems, Inc.	NASDAQ	1,940	2.5x	2.5x	2.4x	n.a.	12.1x	11.2x	9.5x	n.a.	14.0x	12.7x	11.4x	n.a.	18.7x	16.8x	14.6x	n.a.
Check Point Software Technologies Ltd.	NASDAQ	14,011	7.1x	6.8x	6.6x	6.5x	15.6x	13.7x	13.3x	13.3x	16.0x	14.1x	13.7x	13.9x	19.7x	16.6x	15.6x	14.6x
Trend Micro Incorporated	Tokyo	5,725	3.2x	2.9x	2.8x	2.7x	9.8x	10.1x	9.6x	8.8x	13.9x	13.6x	12.3x	12.0x	24.2x	23.5x	20.7x	20.7x
Qualys, Inc.	NASDAQ	3,599	11.8x	10.2x	8.9x	7.8x	n.m	24.5x	21.2x	19.7x	n.m	29.3x	25.7x	23.2x	n.m	39.4x	35.4x	31.4x
Neosperience SpA	Milan	42	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Expert System SpA	Milan	96	3.1x	2.9x	2.6x	n.a.	18.1x	17.8x	14.3x	n.a.	38.2x	n.m	26.1x	n.a.	n.m	n.m	n.m	n.a.
<b>Average peer group</b>		<b>7,144</b>	<b>5.5x</b>	<b>4.9x</b>	<b>4.4x</b>	<b>4.9x</b>	<b>15.0x</b>	<b>17.1x</b>	<b>14.4x</b>	<b>15.2x</b>	<b>17.3x</b>	<b>19.6x</b>	<b>17.6x</b>	<b>17.4x</b>	<b>21.1x</b>	<b>29.2x</b>	<b>24.6x</b>	<b>25.1x</b>
<b>Median peer group</b>		<b>4,662</b>	<b>5.9x</b>	<b>4.9x</b>	<b>4.2x</b>	<b>4.5x</b>	<b>13.8x</b>	<b>17.8x</b>	<b>14.3x</b>	<b>15.5x</b>	<b>14.0x</b>	<b>20.1x</b>	<b>21.5x</b>	<b>17.8x</b>	<b>20.8x</b>	<b>30.9x</b>	<b>24.6x</b>	<b>25.1x</b>

Source: FactSet data and KT&Partners' elaboration

Our evaluation included a size/liquidity discount of 25% to take into account the existing differences in terms of liquidity and size with its peers, and our estimates of Cyberoo's EBITDA, EBIT and net income for 2020, 2021, and 2022.

The multiples analysis returns an average price per share of €7.39, 60% above our previous estimates (€4.62ps).

### EV/EBITDA Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBITDA Comps	17.8x	14.3x	15.5x
Cyberoo EBITDA	3.14	6.10	9.88
<b>Enterprise value</b>	<b>56.1</b>	<b>87.3</b>	<b>152.8</b>
NFP/(Cash) 19A	(3.3)	(3.3)	(3.3)
<b>Equity Value</b>	<b>59.3</b>	<b>90.6</b>	<b>156.1</b>
Size Discount	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>44.5</b>	<b>68.0</b>	<b>117.1</b>
<b>Average Equity Value</b>	<b>76.5</b>		
Number of shares (mn)		10	
<b>Value per Share €</b>	<b>8.05</b>		

Source: FactSet, KT&Partners' estimates

### EV/EBIT Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBIT Comps	20.1x	21.5x	17.8x
Cyberoo EBIT	1.65	4.44	8.01
<b>Enterprise value</b>	<b>33.2</b>	<b>95.2</b>	<b>142.7</b>
NFP/(Cash) 19A	(3.3)	(3.3)	(3.3)
<b>Equity Value</b>	<b>36.4</b>	<b>98.5</b>	<b>145.9</b>
Size Discount	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>27.3</b>	<b>73.9</b>	<b>109.5</b>
<b>Average Equity Value</b>	<b>70.2</b>		
Number of shares (mn)		10	
<b>Value per Share €</b>	<b>7.39</b>		

Source: FactSet, KT&Partners' estimates

### P/E Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
P/E Comps	30.9x	24.6x	25.1x
Cyberoo Net Income	1.17	3.15	5.69
<b>Equity Value</b>	<b>36.1</b>	<b>77.4</b>	<b>142.6</b>
Size Discount	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>27.0</b>	<b>58.0</b>	<b>106.9</b>
<b>Average Equity Value</b>	<b>64.0</b>		
Number of shares (mn)		10	
<b>Value per Share €</b>	<b>6.74</b>		

Source: FactSet, KT&Partners' estimates



### DCF Model

We have also conducted our valuation using a four-year DCF model, based on 13.2% cost of equity, 3.0% cost of debt and a target capital structure with no debt. The cost of equity is a function of the risk-free rate of 1.6% (Italian 10y BTP), 6.52% equity risk premium (Damodaran for the Italian market - COVID-19 update), 1 beta and a premium for size and liquidity of 5.0%. We, therefore, obtained 13.2% WACC.

We discounted 2020E-2023E annual cash flows and considered a terminal growth rate of 1.5%, obtaining a fair value of €5.90ps

### DCF Valuation

€ thousand	2020E	2021E	2022E	2023E
EBIT	1,647	4,435	8,012	10,825
Taxes	(478)	(1,286)	(2,323)	(3,139)
D&A	1,394	1,567	1,769	1,828
Change in Net Working Capital	(278)	(1,040)	(1,405)	(996)
Change in Funds	227	253	301	332
<b>Net Operating Cash Flow</b>	<b>2,512</b>	<b>3,928</b>	<b>6,353</b>	<b>8,849</b>
Capex	(1,000)	(1,300)	(1,400)	(1,400)
<b>FCFO</b>	<b>1,512</b>	<b>2,628</b>	<b>4,953</b>	<b>7,449</b>
<b>g</b>	<b>1.5%</b>			
<b>Wacc</b>	<b>13.2%</b>			
FCFO (discounted)	1,384	2,126	3,540	4,706
Discounted Cumulated FCFO	11,755			
TV	64,892			
TV (discounted)	40,991			
<b>Enterprise Value</b>	<b>52,747</b>			
NFP/(Cash) 2019A	(3,288)			
<b>Equity Value</b>	<b>56,035</b>			
Current number of shares (mn)	9.5			
<b>Value per share (€)</b>	<b>5.90</b>			

Source: KT&Partners' elaborations

## Appendix

### Peer Comparison

Our final ten-company sample consists of:

- **Symantec Corporation:** listed on Nasdaq, with a market capitalization of around €10.5bn, Symantec Corp. engages in the provision of security, storage, and systems management solutions. It operates through the Enterprise Security and Consumer Digital Safety segments.
- **Fortinet, Inc.:** listed on Nasdaq, with a market capitalization of around €17bn, Fortinet, Inc. is a provider of cybersecurity solutions for enterprises. Particularly, it operates in the following segments: Security (network and fabric), Cloud, and Internet of Things. In 2019, the company's revenues reached €1.9bn.
- **CyberArk Software Ltd.:** listed on Nasdaq, with a market capitalization of around €3bn, CyberArk Software Ltd. engages in the development, marketing, and sale of access security software solutions. In 2019, the company's revenues reached €388mn.
- **Palo Alto Networks, Inc.:** listed on the NYSE, with a market capitalization of around €15.8bn, Palo Alto Networks, Inc. engages in the provision of network security solutions to enterprises, service providers, and government entities. It operates through the following geographical segments: Americas; Europe, the Middle East and Africa; and Asia Pacific and Japan. In 2019, the company's revenues reached €2.5bn.
- **NetScout Systems, Inc.:** listed on Nasdaq, with a market capitalization of ca. €1.8bn, NetScout Systems, Inc. engages in the provision of application and network performance management solutions for enterprises, government agencies, and telecommunication providers.
- **Check Point Software Technologies Ltd.:** listed on Nasdaq, with a market capitalization of ca. €14bn, Check Point Software Technologies Ltd. engages in the development and marketing of software and hardware solutions for IT security. Its solutions cover point of sale systems; automated teller machines; private and public cloud; and telecommunications providers. In 2019, the company's revenues reached €1.8bn.
- **Trend Micro, Inc.:** listed on the Tokyo stock exchange, with a market capitalization of ca. €6bn, Trend Micro, Inc. engages in the development and sale of security-related products and services for computers and the Internet. Its products include security software for home and home offices, small businesses, data center and cloud, network and web, and mobile devices. In 2019, the company's revenues reached €1.3bn.
- **Qualys, Inc.:** listed on Nasdaq, with a market capitalization of ca. €3bn, Qualys, Inc. engages in the provision of cloud security and compliance solutions. The firm also offers solutions through a software-as-a-service model, primarily with renewable annual subscriptions. In 2019, the company's revenues reached €287mn.
- **Neosperience SpA.:** listed on the AIM Italia Market, with a market capitalization of ca. €45mn, Neosperience SpA develops and operates a software platform for digital experiences. It is a digital customer experience cloud that empowers organizations to understand, engage

with, and delight digital customers. In 2019, the company's revenues reached €14mn.

- **Expert System SpA.:** listed on the AIM Italia Market, with a market capitalization of ca. €90mn, Expert System SpA engages in the development of semantic technology. It provides solutions for online activities such as searching and exploring, tagging and categorization, intelligence, natural language understanding, and advertising. In 2019, the company's revenues reached €32mn.

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