

A bright 1H21 confirm company growth

ADD | Fair Value: €10.36 (€10.19) | Current Price: €8.36 | Upside: 23.9%

€ Million	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Total Revenues	7.6	17.7	35.2	60.6	83.8	103.8
EBITDA	1.0	1.8	4.0	7.6	11.8	16.8
margin	12.6%	10.3%	11.4%	12.6%	14.1%	16.1%
Net Profit	1.2	1.4	2.5	4.6	7.2	10.4
margin	16.3%	7.7%	7.0%	7.6%	8.6%	10.0%
EPS	n.a.	n.a.	0.21	0.38	0.60	0.87

Source: Company Data, KT&Partners' Elaboration

Leading the AIM market performance in 8M21. Since its IPO in January 2021, Vantea's stocks gained a remarkable +170% – far above AIM Italia index that recorded a +45% in the same period – that allowed the company to achieve the best performance among AIM market-listed companies in 8M21.

Looking for new M&A opportunities. Vantea has always been committed to invest a share of the IPO proceeds to grow through M&A deals. After closing its first M&A as a listed company at the end of June – the acquisition of ESC2 Srl, a highly specialized company that offers security consulting, security engineering, and security strategy services to both enterprise and public sector – Vantea keep going on with its scouting activity, with the aim to finalize at least one or two deals per semester in Cybersecurity and Digital fields.

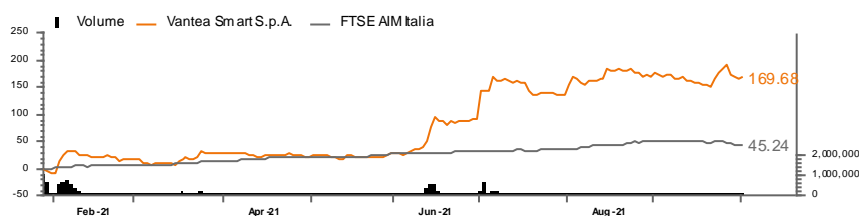
Keep going on its ESG path. After the acquisition of Benefit Company status and the publication of its first Sustainability Report, Vantea did not intend to break its promises in ESG field. The shareholders' meeting allocated 5% of profits to a special fund for both the development of social projects and to support the B-Corp qualification, for which the company is awaiting the audit by B-Lab expected in October.

1H21 financial results. Vantea's sales revenues experienced a +186% growth YoY (in line with our estimates), reaching €14.2mn mainly following i) a boost in F&B marketplace revenues (€11.1m) that already exceeded FY20 results (€11mn), despite the target sectors (tourism and Horeca) have been hardly hit by the pandemic and ii) the stable contribution from Cybersecurity segment (€3mn). Gross profit came in at €4mn (+30.6% YoY and -7% vs our estimates), with a gross margin that decreased to 28.2% mainly due to a higher contribution from F&B marketplace segment. EBITDA excluding non-recurring costs increased to €1.4mn (+141.9% YoY vs €1.2mn of our estimates) mainly thanks to a reduction in fixed costs incidence, while EBITDA margin decreased by 1.7pp, amounting to 9.9%. Finally, net income decreased at €0.7mn and net financial position turned positive, from €0.3mn of net debt in FY20 to a net cash position of €0.9mn, also thanks to €4.4mn of capital increase from IPO.

Change in estimates. On the back of 1H21 results, following higher-than-expected contribution from F&B marketplace and slightly lower Cybersecurity revenues, we left unchanged our top-line estimates, anticipating FY21 revenues at €35.2mn (CAGR20-24E of 55.5%). We confirmed 2021 EBITDA and profitability estimates, factoring in i) higher F&B marketplace incidence on revenues in 2H21, ii) a different revenue mix in Cybersecurity segment and iii) a lower incidence of cost of services. EBITDA is expected to grow at a CAGR20-24E of 74.1%, from €4mn in 2021 to €16.8mn in 2024. Finally, we anticipate FY21 net income at €2.5mn, growing at a CAGR20-24E of 66% and a FY21 net debt of €2.5mn that is expected to turn positive in FY23.

Valuation. Our valuation – based on both market multiples and DCF method – returns an average equity value of €124.3mn or a fair value of €10.36ps, showing a potential upside of 23.9% on current market price.

Relative Performance Chart – Since IPO



Research Update

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Equity Research Team
connect@ktepartners.com

Mauro IACCINO
miaccino@ktepartners.com

Federica FIORENZA
ffioranza@ktepartners.com

Valentina ZANONI
vzanoni@ktepartners.com

Market Data			
Main Shareholders			
Simone Vegliani			80.55%
TALIA 2015 S.r.l.s.			0.28%
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Mkt Cap (€ mn)			100.3
EV (€ mn)			100.7
Shares out.			12.0
Free Float			19.2%
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Market multiples	2020	2021	2022
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EV/EBITDA			
Vantea Smart S.p.A.	53.0x	24.1x	12.7x
Comps median	21.6x	17.3x	14.1x
Vantea Smart S.p.A. vs Median	145%	40%	-10%
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P/E			
Vantea Smart S.p.A.	73.4x	40.7x	21.9x
Comps median	48.0x	36.2x	23.4x
Vantea Smart S.p.A. vs Median	53%	12%	-6%
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Stock Data			
52 Wk High (€)			9.34
52 Wk Low (€)			2.80
Avg. Daily Trading 90d			65,127
Price Change 1w (%)			-3.46
Price Change 1m (%)			-3.02
Price Change YTD (%)			n.a.

Key Figures – Vantea Smart S.p.A.

	Current price (€)	Fair Value (€)	Sector			Free Float (%)
	8.36	10.36	Information Technology			19.17%
Per Share Data	2019A	2020A	2021E	2022E	2023E	2024E
Total shares outstanding (mn)	n.m.	n.m.	12.0	12.0	12.0	12.0
EPS	n.m.	n.m.	0.21	0.38	0.60	0.87
Dividend per share (ord)	n.a.	0.02	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Total Revenues	7.6	17.7	35.2	60.6	83.8	103.8
EBITDA	1.0	1.8	4.0	7.6	11.8	16.8
EBIT	0.9	1.7	3.5	6.5	10.2	14.6
EBT	1.6	1.9	3.5	6.4	10.2	14.7
Taxes	(0.3)	(0.6)	(1.0)	(1.9)	(2.9)	(4.3)
Tax rate	22%	29%	29%	29%	29%	29%
Net Income	1.2	1.4	2.5	4.6	7.2	10.4
Net Income attributable to the Group	1.2	1.4	2.5	4.6	7.2	10.4
Balance Sheet (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Total fixed assets	1.5	3.2	6.7	7.9	8.8	9.4
Net Working Capital (NWC)	2.2	2.6	7.7	10.1	12.7	15.7
Provisions	(0.3)	(0.3)	(0.7)	(1.2)	(1.9)	(2.6)
Total Net capital employed	3.4	5.5	13.8	16.8	19.7	22.5
Net financial position/(Cash)	(0.6)	0.3	2.5	1.0	(3.4)	(10.9)
Total Shareholder's Equity	4.0	5.2	11.3	15.9	23.1	33.5
Cash Flow (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Net operating cash flow	0.6	1.3	3.0	5.7	8.8	12.5
Change in NWC	(0.5)	(0.5)	(5.1)	(2.4)	(2.6)	(3.0)
Capital expenditure	(1.2)	(1.9)	(4.1)	(2.3)	(2.5)	(2.6)
Other cash items/Uses of funds	0.8	0.2	0.4	0.5	0.6	0.7
Free cash flow	(0.3)	(0.9)	(5.8)	1.6	4.4	7.6
Enterprise Value (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Market Cap	n.m.	n.m.	100.3	100.3	100.3	100.3
Minorities	0	0	-	-	-	-
Net financial position/(Cash)	(0.6)	0.3	2.5	1.0	(3.4)	(10.9)
Enterprise value	n.m.	n.m.	102.8	101.3	97.0	89.4
Ratios (%)	2019A	2020A	2021E	2022E	2023E	2024E
EBITDA margin	12.6%	10.3%	11.4%	12.6%	14.1%	16.1%
EBIT margin	12.0%	9.5%	10.0%	10.7%	12.2%	14.1%
Gearing - Debt/equity	-15.7%	6.4%	22.0%	6.1%	-14.6%	-32.7%
Interest cover on EBIT	1.7%	1.8%	1.2%	0.8%	0.2%	-0.1%
NFP/EBITDA	-63.3%	18.1%	62.0%	12.7%	-28.6%	-65.3%
ROCE	26.8%	30.7%	25.5%	38.6%	51.6%	65.0%
ROE	32.2%	26.5%	21.8%	28.8%	31.2%	31.1%
EV/Sales	12.8x	5.5x	2.7x	1.6x	1.2x	0.9x
EV/EBITDA	101.5x	53.0x	24.1x	12.7x	8.2x	5.8x
P/E	81.4x	73.4x	40.7x	21.9x	13.9x	9.6x
Free cash flow yield	-0.3%	-0.9%	-6.0%	1.6%	4.5%	7.8%
Growth Rates (%)	2019A	2020A	2021E	2022E	2023E	2024E
Sales	-	134.6%	98.4%	72.2%	38.2%	23.9%
EBITDA	-	91.5%	119.6%	90.2%	54.5%	42.3%
EBIT	-	85.5%	108.5%	84.9%	56.6%	43.9%
Net Income	-	11.0%	80.1%	85.6%	57.6%	44.3%

Source: Company Data, KT&P's Elaboration

1H21 Financial Results

Company profile

Vantea is an innovative SME operating in the Information Technology field. The company exploits IT to develop a related diversification strategy, operating in a) Cybersecurity, offering consultancy services; b) F&B Marketplace segment as 2.0 distributor; c) Business software market thanks to the launch on 1st July 2021 of SuiteX, and d) in Concierge segment (since 1H21) through Paspartù platform.

The first half of 2021 was a turning point for the company: after the decision to go public in January 2021, Vantea experienced a natural acceleration in the release of projects on which it had been working for years. In 1H21, the company released the App Paspartù in Concierge segment, SuiteX (the proprietary ERP software) was available from July 1st, 2021, and by the end of the year the company expects to release menoo.com, the digital marketplace for F&B and non-food products.

In line with our estimates, sales revenues registered an outstanding +186% growth YoY, amounting to €14.2mn, mainly driven by:

- i) the soaring contribution from F&B marketplace revenues that grew by +475% YoY (and +7.9% on our estimates) to €11.1m, already exceeding FY20 results (€11mn). The growth is also supported by the strong boost given by the digital area to the F&B marketplace, which, together with the outsourcing of logistics, enabled the company to create a competitive advantage over its competitors that have been severely affected by the pandemic, because of the burden of fixed costs. We remind that in 1H21 the company also signed two strategic agreements with key players in F&B market, which are expected to contribute for €25mn on annual revenues.
- ii) the stable contribution from Cybersecurity segment that in 1H21 reached €3mn (-1.9% YoY and -16.2% on our expectations), due to lower revenues coming from the sale of hardware and software. It is worth pointing out that the company succeeded in ensuring a considerable share of revenues despite part of the staff has been allocated to internal development.

The Concierge segment, thanks to Paspartù launch in 1H21, experienced a considerable growth of +460% (in line with our estimates), even if its contribution on sales revenues is still low.

Gross profit came in at €4mn (+30.6% YoY and -6.9% than forecasted), with a gross margin decreasing to 28.2% (from 61.7% in 1H20), mainly factoring in the increase in weight of the F&B marketplace segment on revenues, and consequently of the cost for the purchase of raw materials.

EBITDA increased to €1.4mn (+141.9% YoY and +33.6% on our estimates), mainly thanks to fixed costs incidence reduction. Looking at costs composition we note that the company internalized part of the activity from Cybersecurity, reducing its reliance on outsourcing, experiencing i) lower cost of services and ii) higher labor costs (from €0.4mn to €2.1mn) with a number of resources that almost doubled compared to 1H20 (from 59 to 110). EBITDA margin decreased by 1.7pp (at 9.9%) as a consequence of gross margin reduction, partially offset by decrease in fixed costs incidence. We note that EBITDA was adjusted for €180k of extraordinary items (which includes both extraordinary revenues and costs), among which the most significant are €158k of training costs for the new resources hired: even without the adjustment, EBITDA would have been above our estimates.

1H21 net income decreased by 20% YoY (in line with our estimates), amounting to €0.7mn mainly because of i) higher amortization costs and ii) €180k of net extraordinary costs.

Finally, net financial position turned positive, from €0.3mn of net debt at the end of 2020 to a net cash position of €0.9mn following: i) the capital increase of €4.4mn (€3.9mn net of listing costs) from IPO ii) an increase in trade working capital (€2.9mn vs €1.8mn), iii) a considerable tax credit position that arose during 1H21 (from €1.7mn to €3.1mn) attributable to F&B segment and iv) dividend payments (€240k).

1H21 Income Statement

€ million	1H20	1H21	YoY %	1H21E	A vs E %
Cybersecurity	3.0	3.0	-1.9%	3.5	-16.2%
F&B Marketplace	1.9	11.1	475.5%	10.3	7.9%
Business software		-	n.m.	0.0	-100.0%
Concierge	0.0	0.1	460.0%	0.1	-2.8%
Sales Revenues	5.0	14.2	186.1%	14.1	1.4%
<i>Growth %</i>					
Other Revenues	0.0	0.0		0.1	
Total Revenues	5.0	14.3	184.2%	14.1	0.9%
Products and Raw materials	(1.9)	(10.2)		(9.8)	
Gross Profit	3.1	4.0	30.6%	4.3	-6.9%
<i>Gross Margin</i>	<i>61.4%</i>	<i>28.2%</i>	<i>-33.2%</i>	<i>30.6%</i>	<i>-2.4%</i>
Cost of Services	(2.5)	(1.1)		(2.4)	
Rental Costs	(0.1)	(0.1)		(0.2)	
Personnel Expenses	(0.4)	(1.9)		(1.2)	
Other Operating Expenses	(0.1)	(0.0)		(0.0)	
Capex	0.6	0.5		0.7	
EBITDA	0.6	1.4	141.9%	1.1	33.6%
<i>EBITDA margin</i>	<i>11.6%</i>	<i>9.9%</i>	<i>-1.7%</i>	<i>7.5%</i>	<i>2.4%</i>
D&A and Provisions	(0.0)	(0.2)		(0.1)	
EBIT	0.5	1.2	117.2%	1.0	20.5%
<i>EBIT margin</i>	<i>10.9%</i>	<i>8.3%</i>	<i>-2.6%</i>	<i>7.0%</i>	<i>1.4%</i>
Financial Income and Expenses	(0.0)	(0.0)		(0.0)	
Extraordinary items	0.7	(0.2)			
EBT	1.2	1.0	-20.4%	1.0	2.5%
Taxes	(0.4)	(0.3)	-22.3%	(0.3)	
<i>Tax Rate</i>	<i>29.4%</i>	<i>28.7%</i>		<i>26.6%</i>	
Net Income	0.9	0.7	-19.6%	0.7	-0.3%
<i>Net margin</i>	<i>17.6%</i>	<i>5.0%</i>	<i>-12.6%</i>	<i>5.0%</i>	<i>-0.1%</i>
Minorities		0.0			
Net Income attributable to the Group	0.9	0.7	-20.2%	0.7	-1.0%
<i>Net margin</i>	<i>17.6%</i>	<i>4.9%</i>		<i>5.0%</i>	

Source: Company data

Change in estimates

On the back of 1H21 financial results, we left unchanged our top-line estimates, factoring in higher revenues in F&B marketplace segment that are expected to offset the slightly lower contribution from Cybersecurity segment. We foresee FY21 revenues at €35.2mn, growing at a CAGR20-24E of 55.5%, that are expected to reach €103.8mn in 2024.

The growth will be mainly driven by:

- i) F&B revenues, which are expected to grow at a higher pace than previously expected following the company digital approach and the expansion toward the non-food segment in next years; we note that in February 2021, the company also signed two strategic agreements with key players in the F&B market;
- ii) Cybersecurity segment is expected to maintain its contribution, and according to the company is expected to grow faster than reference market, thanks to company's ability to attract new resources;
- iii) the new coming contribution from Concierge (for which the company is currently evaluating to shift from a subscription model to a free-use model to reach as many users as possible, that is expected to be under testing from October with a leading TV operator) and SuiteX, for which a first contribution on revenues is already expected by the end of 2021.

We left our 2021 EBITDA estimates unchanged confirming also profitability forecasts, factoring in: i) higher F&B marketplace incidence on revenues in 2H21, ii) a different revenue mix in Cybersecurity in 2H21 iii) a decrease in cost of services' incidence driven by the internalization of part of activities. We slightly revised downward FY21 net income at €2.5mn, as a result of higher-than-expected investments in intangible assets. The higher CAPEX coupled with greater NWC absorption (due to the tax credit that arise from F&B activity) lead us to foresee a FY21 net debt of €2.5mn (vs €2mn in our previous research).

Even for the 2022-24 period, we confirm our EBITDA estimates: EBITDA is expected to grow at a CAGR20-24E of 74.1%, to reach €16.8mn in 2024, with an EBITDA margin in line with our previous estimates, that is expected to reach 16.1% in 2024. Net income is expected to grow at a CAGR20-24E of 66% reaching €10.4mn in 2024. Finally, we now foresee NFP to turn positive in FY23, reaching €10.9mn of cash in 2024.

Change in Estimates

€ Millions	2019A	2020A	Change	2021E	2021E	Change	2022E	2022E	Change	2023E	2023E	Change	2024E	2024E	Change	CAGR
		Actual		Old	New		Old	New		Old	New		Old	New		2020-24
Revenues	7.6	17.7	134.6%	35.2	35.2	0.0%	60.6	60.6	0.0%	83.8	83.8	0.0%	103.8	103.8	0.0%	55.5%
YoY Change (%)	17.9%	134.6%		98.4%	98.4%		72.2%	72.2%		38.2%	38.2%		23.9%	23.9%		
EBITDA	1.0	1.8	91.5%	4.0	4.0	0.0%	7.6	7.6	0.0%	11.8	11.8	0.0%	16.8	16.8	0.0%	74.1%
YoY Change (%)	33.9%	91.5%		119.6%	119.6%		90.1%	90.2%		54.5%	54.5%		42.3%	42.3%		
EBITDA Margin	12.6%	10.3%		11.4%	11.4%		12.6%	12.6%		14.1%	14.1%		16.1%	16.1%		
EBIT	0.9	1.7	85.5%	3.5	3.5	-0.7%	6.5	6.5	-0.7%	10.2	10.2	-0.4%	14.7	14.6	-0.3%	71.7%
YoY Change (%)	32.3%	85.5%		109.9%	108.5%		86.1%	84.9%		57.3%	56.6%		44.3%	43.9%		
EBIT Margin	12.0%	9.5%		10.1%	10.0%		10.8%	10.7%		12.2%	12.2%		14.1%	14.1%		
Net Income	1.2	1.4	11.0%	2.5	2.5	-0.9%	4.6	4.6	-1.0%	7.2	7.2	-0.3%	10.4	10.4	0.0%	66.0%
YoY Change (%)	150.6%	11.0%		81.8%	80.1%		87.4%	85.6%		58.1%	57.6%		44.3%	44.3%		
Net Margin	16.3%	7.7%		7.1%	7.0%		7.6%	7.6%		8.6%	8.6%		10.0%	10.0%		
NFP/ (Cash)	(0.6)	0.3		2.0	2.5	0.5	0.0	1.0	0.9	(4.0)	(3.4)	0.7	(11.3)	(10.9)	0.3	

Source: Company data, KT&P's Elaborations

Valuation

Following the projections of Vantea's future financials, we carried out the valuation of the company by applying the DCF and market multiples methods:

1. EV/EBITDA and P/E multiples, which returns a value of €99.1mn or €8.26ps;
2. DCF analysis based on WACC of 6.5% and 2% perpetual growth, returns a value of €149.5mn or €12.46ps.

The average of the two methods yields a fair value of €124.3ps or an equity value of €10.36mn.

Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	94.6	7.88
P/E	103.7	8.64
Average - multiples	99.1	8.26
DCF	149.5	12.46
Average	124.3	10.36

Source: FactSet, KT&Partners' Elaboration

Market Multiples Valuation

Following the comps analysis, we proceeded with the definition of market multiples for each peer group, focusing on 2020-23 data.

Peer Comparison – Market Multiples 2020-2023

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/SALES 2023	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	EV/EBIT 2023	P/E 2020	P/E 2021	P/E 2022	P/E 2023
FireEye, Inc.	NASDAQ	3,688	4.7x	9.4x	7.8x	6.5x	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m
CY4Gate SpA	Milan	162	n.a.	9.4x	5.8x	4.8x	n.a.	20.3x	14.1x	11.5x	n.a.	31.8x	20.1x	16.3x	n.a.	44.4x	28.6x	22.8x
F-Secure Oyj	OMX Helsinki	732	3.3x	3.0x	2.8x	2.7x	21.6x	20.0x	16.9x	14.6x	n.m	31.9x	25.5x	20.3x	n.m	42.7x	34.4x	27.4x
Qualys, Inc.	NASDAQ	3,740	11.0x	9.9x	8.9x	8.1x	30.8x	22.1x	21.0x	19.4x	n.m	26.5x	25.4x	23.2x	48.8x	36.5x	35.3x	32.4x
Verint Systems Inc.	NASDAQ	2,546	2.7x	4.0x	3.8x	3.5x	16.9x	15.0x	13.5x	11.9x	31.6x	17.4x	15.9x	14.0x	n.m	20.1x	18.1x	16.0x
Tinexta SpA	Milan	1,725	6.8x	4.9x	4.2x	3.7x	23.1x	18.7x	15.2x	12.9x	32.2x	25.6x	20.2x	16.5x	45.8x	33.7x	27.9x	22.6x
Reply S.p.A.	Milan	5,937	4.6x	3.9x	3.5x	3.2x	30.5x	23.3x	20.7x	18.7x	39.4x	28.7x	25.3x	22.6x	48.0x	41.4x	36.7x	32.7x
NCC Group plc	London	939	2.9x	2.4x	2.2x	2.0x	15.5x	11.4x	10.3x	9.8x	25.3x	14.4x	13.1x	12.2x	n.m	21.5x	19.2x	18.1x
MARR SpA	Milan	1,369	1.5x	1.1x	0.9x	0.9x	n.m	17.3x	13.2x	12.4x	n.m	29.6x	17.1x	15.8x	n.m	37.6x	21.5x	19.9x
Sligro Food Group N.V.	Euronext Amsterdam	1,053	0.7x	0.7x	0.6x	0.5x	19.8x	13.2x	9.6x	8.1x	n.m	n.m	21.5x	12.9x	n.m	n.m	21.5x	14.3x
Longino & Cardenal SpA	Milan	25	1.3x	n.a.	n.a.	n.a.	n.m	n.a.	n.a.	n.a.	n.m	n.a.	n.a.	n.m	n.a.	n.a.	n.a.	n.a.
Premium Brands Holdings Corp	Toronto	3,851	1.9x	1.5x	1.4x	1.3x	24.5x	17.1x	14.6x	13.3x	n.m	23.7x	20.1x	18.2x	n.m	29.1x	23.2x	20.5x
Bid Corporation Limited	JSE	6,007	0.9x	1.0x	0.8x	0.8x	15.6x	15.8x	12.3x	10.6x	23.2x	23.2x	16.8x	14.1x	n.m	35.8x	23.4x	18.8x
Average peer group		2,444	3.5x	4.3x	3.6x	3.2x	22.0x	17.6x	14.7x	13.0x	30.3x	25.3x	20.1x	16.9x	47.5x	34.3x	26.3x	22.3x
Median peer group		1,725	2.8x	3.5x	3.2x	2.9x	21.6x	17.3x	14.1x	12.4x	31.6x	26.0x	20.1x	16.3x	48.0x	36.2x	23.4x	20.5x
Vantea Smart S.p.A.	Milan	100.3	5.6x	2.8x	1.6x	1.2x	n.m	24.1x	12.7x	8.2x	n.m	27.5x	14.9x	9.5x	n.a.	40.7x	21.9x	13.9x

Source: FactSet, KT&Partners' Elaboration

We based our evaluation upon 2021, 2022, and 2023 EV/EBITDA and P/E multiples and our estimates of Vantea's EBITDA and Net Income over the period 2021-23. Our valuation also includes a 15% liquidity/size discount, and takes into consideration FY20 Net Debt (equal to €0.3mn) adjusted for i) IPO capital increase, net of listing costs, and ii) ESC2 acquisition.

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E	2023E
EV/EBITDA Comps	17.6x	14.7x	13.0x
Vantea EBITDA	4.0	7.6	11.8
Enterprise value	70.7	111.8	153.4
Vantea FY20 Net Debt Adjusted	0.7	0.7	0.7
Equity Value	69.9	111.1	152.7
Average Equity Value		111.2	
Size/Liquidity Discount		15%	
Equity Value Post-Discount		94.6	
Number of shares (mn)		12.0	
Value per Share €		7.88	

Source: FactSet, KT&Partners' Elaboration

P/E Multiple Valuation

Multiple Valuation (€mn)	2021E	2022E	2023E
P/E Comps	34.3x	26.3x	22.3x
Vantea Net Income	2.5	4.6	7.2
Equity Value	84.5	120.6	160.8
Average Equity Value		122.0	
Size/Liquidity Discount		15%	
Equity Value Post-Discount		103.7	
Number of shares (mn)		12.0	
Value per Share €		8.64	

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 6.8% cost of equity, 2% cost of debt, and a D/E ratio of 6.55% (Damodaran for Software (System Application)). The cost of equity is a function of the risk-free rate of 0.81% (Italian 10y BTP), 5.39% equity risk premium (Damodaran for a mature market – March 2021) and a premium for size and liquidity of 2% (source: Duff&Phelps). We, therefore, obtained 6.5% WACC.

We discounted 2021E-24E annual cash flows and considered a terminal growth rate of 2%; to obtain the company's equity value, we also considered an NFP adjusted for IPO capital raise and listing costs; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ Millions	2021E	2022E	2023E	2024E
EBIT	3.5	6.5	10.2	14.6
Taxes	(1.0)	(1.9)	(3.0)	(4.2)
D&A	0.5	1.1	1.6	2.1
Change in Net Working Capital	(5.1)	(2.4)	(2.6)	(3.0)
Change in Funds	0.4	0.5	0.6	0.7
Net Operating Cash Flow	(1.7)	3.8	6.9	10.2
Capex	(4.1)	(2.3)	(2.5)	(2.6)
FCFO	(5.8)	1.6	4.4	7.6
g	2.0%			
Wacc	6.5%			
FCFO (discounted)	(5.7)	1.4	3.8	6.2
Discounted Cumulated FCFO	5.7			
TV	171.9			
TV (discounted)	140.2			
Enterprise Value	145.9			
NFP/(Cash) FY2020 Adj.	(3.6)			
Equity Value	149.5			
Current number of shares (mn)	12.0			
Value per share (€)	12.46			

Source: Company Data, KT&Partners' Elaboration

Sensitivity analysis

€ millions	WACC					
	7.0%	6.7%	6.5%	6.2%	6.0%	
Terminal growth Rate	1.5%	121.5	127.9	134.8	142.5	151.1
	1.8%	127.2	134.1	141.8	150.3	159.8
	2.0%	133.4	141.0	149.5	158.9	169.6
	2.3%	140.3	148.7	158.1	168.7	180.7
	2.5%	147.9	157.3	167.8	179.7	193.4

Source: Company Data, KT&Partners' Elaboration

Appendix

Peer Comparison

In order to define Vantea's peer sample, we carried out an in-depth analysis of listed companies active in the Information technology market (with a focus on cybersecurity) and companies operating in the F&B market. In selecting potential peers, we consider Vantea's offering, business model, growth, and profitability profile.

For peer analysis, we built a sample of 13 companies, which includes companies operating in the IT or F&B market:

IT market

- **FireEye Inc:** listed on NASDAQ stock exchange with a market capitalization of €3.7bn, FireEye provides intelligence-based cybersecurity solutions that allow organizations to prepare for, prevent, respond to, and remediate cyberattacks. It operates through the following segments: Enterprise Security, Managed Security, Threat Intelligence, and Industry Solutions. In FY20, FireEye reached €0.8bn of sales revenues.
- **CY4Gate SpA:** listed on Borsa Italiana stock exchange with a market capitalization of €0.16bn, CY4Gate provides solutions for cyber intelligence, cyber security, and cyber electronic conflict. It operates through the Cyber Intelligence division (creating programs that collect and analyze information from open sources on the Internet or social media) and Cyber Security business division (specialized in products and services which protect information technology systems). In FY20, CY4Gate revenues amounted to €7mn.
- **F-Secure Oyj:** listed on OMX Helsinki stock exchange with a market capitalization of €0.73bn, F-Secure engages in the provision of internet and mobile security software solutions. It also offers data and content security. The company operates through the following segments: Consumer Security, Cybersecurity Consulting, and Corporate Security products. In FY20, company's revenues amounted to €220mn.
- **Qualys, Inc.:** listed on NASDAQ stock exchange with a market capitalization of €3.7bn, Qualys provides cloud security and compliance solutions. Its products enable organizations to identify security risks to information technology infrastructures and helps protect information technology systems and applications from cyberattacks. In FY20 the company reached €318mn of revenues.
- **Verint Systems Inc.:** listed on NASDAQ stock exchange with a market capitalization of €2.5bn, Verint Systems engages in providing actionable intelligence. It operates through the following segments: Customer Engagement Solutions and Cyber Intelligence Solutions. In FY20, the company reached €1.1bn of revenues.
- **Tinexta SpA:** listed on Borsa Italiana stock exchange with a market capitalization of €1.7bn, Tinexta engages in the provision of information technology solutions and services for the dematerialization and digitalization of document processes with legal value. Through its subsidiaries, Tinexta operates in four business areas: Digital Trust, Credit Information & Management, Innovation & Marketing Services and Cyber Security. In FY20, company's revenues amounted to €269mn.
- **Reply S.p.A.:** listed on Borsa Italiana stock exchange with a market capitalization of €5.9bn, Reply provides solutions based on the new communication channels and digital media. It supports the main European industrial groups in defining and developing new business models utilizing big data, cloud computing, customer relationship management, mobile, social media and Internet of Things paradigms. In FY20, the company's revenues amounted to €1.3bn.
- **NCC Group plc:** listed on the London Stock Exchange with a market capitalization of €0.9bn, NCC Group is engaged in the provision of information technology assurance, security software, and consultancy services. It operates through the Escrow segment

(business software applications for the protection of end-users and software suppliers) and the Assurance segments (security consulting, and website performance and load testing). In FY20, the company reached €300mn of revenues.

Food & Beverage market

- **MARR SpA:** listed on Borsa Italiana stock exchange with a market capitalization of €1.4bn, MARR is specialized in the distribution of food products for out-of-home or foodservice consumption. It operates through the following business sectors: Street Market, National Account, and Wholesale. The company distributes its products – groceries, seafood, meat, fruit and vegetables, and equipment – to the Ho.Re.Ca. businesses and to canteens. In FY20, the company reached €1bn of revenues.
- **Sligro Food Group N.V.:** listed on the Euronext Amsterdam stock exchange with a market capitalization of €1.1bn, Sligro Food Group engages in the management and operation of supermarkets and grocery stores. It operates through the Foodservice segment, which involves operating cash-and-carry delivery service outlets for hotels, restaurants, companies, caterers, and retail businesses. In FY20, company's revenues amounted to €1.9bn.
- **Longino & Cardenal SpA:** listed on Borsa Italiana stock exchange with a market capitalization of €25mn, Longino & Cardenal provides products for catering. The company is one of Italy's leading "food globetrotters," continually searching for the best raw materials in order to satisfy the new trends in consumer behavior, which is looking for products of excellence, until now reserved only for restaurants and hotels, making them available to all gourmet enthusiasts. In FY20, company's revenues amounted to €19mn.
- **Premium Brands Holdings Corp:** listed on the Toronto stock exchange with a market capitalization of €3.9bn, the company operates in the manufacture and distribution of a variety of specialty food products. It operates through the Specialty Foods (that includes the specialty food manufacturing businesses) and the Premium Food Distribution segment (including the differentiated distribution and wholesale businesses, and certain seafood processing businesses). In FY20, company's revenues amounted to €2.6bn.
- **Bid Corporation Limited:** listed on Johannesburg stock exchange with a market capitalization of €6bn, Bid Corporation engages in the foodservice business. The profile of the customer base is strategically targeted to fully service the foodservice industry's needs. It operates through the following geographical segments: Australasia, UK, EU, Emerging Markets, and Corporate. In FY20, company's revenues amounted to €7bn.

We first analyzed growth rates over the period 2019-23 of peer companies compared with Vantea: looking at revenues, Vantea shows an expected CAGR19-23, equal to +82.7% against +5.4% of the average sample; on the EBITDA side, peers show a more interesting expected growth (CAGR19-23 equal to +16.3%), that, however, remains far below that of Vantea (+87.5%).

Peer comparison – Sales and EBITDA growth 2019-23

Company Name	Sales					CAGR 2019-'23
	2019	2020	2021	2022	2023	
FireEye, Inc.	794	825	413	495	592	-7.1%
CY4Gate SpA	7	n.a.	17	28	33	47.5%
F-Secure Oyj	217	220	236	253	271	5.6%
Qualys, Inc.	287	318	351	392	432	10.7%
Verint Systems Inc.	1,168	1,109	752	800	876	-6.9%
Tinexta SpA	259	269	373	431	488	17.2%
Reply S.p.A.	1,183	1,250	1,459	1,637	1,822	11.4%
NCC Group plc	301	304	371	402	436	9.7%
MARR SpA	1,651	1,048	1,428	1,737	1,794	2.1%
Sligro Food Group N.V.	2,395	1,946	2,067	2,446	2,608	2.2%
Longino & Cardenal SpA	34	19	n.a.	n.a.	n.a.	n.a.
Premium Brands Holdings Corp	2,457	2,661	3,250	3,579	3,791	11.4%
Bid Corporation Limited	7,987	6,993	6,584	7,613	8,232	0.8%
Peers Average	1,442	1,414	1,442	1,651	1,781	5.4%
Vantea Smart S.p.A.	7.44	17.16	34.85	60.01	82.95	82.7%

Company Name	EBITDA					CAGR 2019-'23
	2019	2020	2021	2022	2023	
FireEye, Inc.	-86	-28	31	37	-8	n.m.
CY4Gate SpA	3	n.a.	8	12	14	46.8%
F-Secure Oyj	17	33	36	42	49	30.2%
Qualys, Inc.	95	113	158	166	180	17.4%
Verint Systems Inc.	160	180	202	224	254	12.2%
Tinexta SpA	71	79	97	119	141	18.8%
Reply S.p.A.	168	189	247	277	308	16.3%
NCC Group plc	51	57	77	86	90	15.2%
MARR SpA	70	-6	91	119	126	15.9%
Sligro Food Group N.V.	113	71	107	147	173	11.3%
Longino & Cardenal SpA	1	-1	n.a.	n.a.	n.a.	n.a.
Premium Brands Holdings Corp	207	204	293	344	376	16.1%
Bid Corporation Limited	493	408	404	520	600	5.0%
Peers Average	105	108	146	174	192	16.3%
Vantea Smart S.p.A.	1.0	1.8	4.0	7.6	11.8	87.5%

Source: FactSet, KT&P'S Elaborations

Secondly, we compared the peers' marginalities with Vantea's historical and expected financials. In comparing profitability, it is important to highlight that Vantea shows a business model that combines IT with more traditional sectors (such as F&B). Indeed: average peer's EBITDA margin for FY20 was 16% (22% for IT companies and 6% for F&B peers), compared with Vantea's EBITDA margin equal to 10.3%. For the next few years, Vantea's marginality is expected to increase, reaching 14.1% in 2023 (vs 28.2% and 7.7% of IT and F&B peers, respectively).

Peer Comparison – Profitability

Company Name	EBITDA Margin					Net margin				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
FireEye, Inc.	neg	neg	7.4%	7.5%	neg	neg	neg	neg	neg	7.7%
CY4Gate SpA	42.9%	n.a.	46.2%	41.4%	42.1%	26.2%	n.a.	23.1%	23.4%	24.0%
F-Secure Oyj	7.9%	15.1%	15.2%	16.7%	18.1%	1.5%	5.9%	6.0%	7.7%	9.2%
Qualys, Inc.	32.9%	35.6%	45.0%	42.3%	41.6%	21.6%	25.3%	30.1%	28.0%	27.9%
Verint Systems Inc.	13.7%	16.2%	26.8%	28.0%	29.0%	2.2%	neg	19.6%	20.6%	21.5%
Tinexta SpA	27.3%	29.2%	26.1%	27.7%	28.8%	10.9%	13.9%	12.8%	13.4%	14.7%
Reply S.p.A.	14.2%	15.1%	16.9%	16.9%	16.9%	9.6%	9.9%	9.8%	9.8%	10.0%
NCC Group plc	17.1%	18.7%	20.9%	21.3%	20.7%	2.4%	3.7%	11.9%	12.1%	11.8%
MARR SpA	4.2%	neg	6.4%	6.8%	7.0%	4.0%	neg	2.3%	3.5%	3.8%
Sligro Food Group N.V.	4.7%	3.6%	5.2%	6.0%	6.6%	1.4%	neg	0.7%	1.8%	2.8%
Longino & Cardenal SpA	3.1%	neg	n.a.	n.a.	n.a.	2.8%	neg	n.a.	n.a.	n.a.
Premium Brands Holdings Corp	8.4%	7.7%	9.0%	9.6%	9.9%	2.3%	2.1%	3.8%	4.5%	4.8%
Bid Corporation Limited	6.2%	5.8%	6.1%	6.8%	7.3%	3.7%	1.3%	2.5%	3.4%	3.8%
Peers Average	15.2%	16.3%	19.3%	19.3%	20.7%	7.4%	8.8%	11.1%	11.7%	11.8%
Vantea Smart S.p.A.	12.6%	10.3%	11.4%	12.6%	14.1%	16.6%	7.7%	7.0%	7.6%	8.6%

Source: FactSet, KT&P'S Elaborations

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Via della Posta, 10 - Piazza Affari, 20123 Milano - Italy
Tel: +39.02.83424007 Fax: +39.02.83424011
segreteria@ktepartners.com