

# NEOSPERIENCE

## Empathy in Artificial Intelligence

### Sector: Technology & AI

**Niche Market Leader:** Neosperience is a leading Italian Tech Company specialized in Artificial Intelligence & Machine Learning applied to Customer Analytics, to assist and improving decision making. Appointed by Gartner among the world top six most innovative software companies, it is the only Italian company "on the rise" in the "Customer Psychographics" sector. Neosperience is a registered innovative SME since December 2017 and is listed on Euronext Growth Milan (ex. AIM Italia) since 20<sup>th</sup> February 2019.

**Core competence in AI:** Thanks to an experienced team of approximately 180 people including engineers, psychologists, computer scientists and data scientists, with an investment of time and resources of over 100 years/man and over 20 years of experience in AI technologies, Neosperience support companies in their digital transformation with a proven set of technology solutions and services that are tailored to each client's needs and help to infuse empathy in relationship with customers, business partners distribution networks and thereby increase revenues and improves operations processes and profitability.

**Proprietary Customer Data Platform:** Over the last decade Neosperience has developed the first AI-based customer data platform that uses Machine Learning and Deep Learning models. Neosperience Cloud is based on several, scalable and ready-to-use proprietary solutions, each of which responds to a specific need in the customers' digital transformation process, using psychographics to improve customer engagement. The platform is offered to customers with an "as-a-service" licence, providing for an high level of recurring revenues and visibility. (c. Euro 10 m in FY20).

**Scalability in vertical solutions:** In addition, Neosperience has decided to set up three distinct business units dedicated to Healthcare, Fintech and Industry 4.0 with focused staff. These units will be able to evolve into real autonomous companies if a partner expert in the specific sector is identified (like, i.e., "Neosurance Srl", "BikEvo Srl and WizKey Srl in 2018). Neosperience will be able to bring the technological knowledge and the partner will bring the know-how, the network of commercial contacts and the experience of the sector.

**Booming Reference Market:** The global customer data platform market is expected to grow from USD 3.5 b in 2021 to USD 15.3 b by 2026, at a CAGR of 34.6% during the forecast period. Proliferation of customer channels are expected to drive the adoption of customer data platform solutions and, in addition to this, services increasing spending on marketing and advertising activities by enterprises are changing landscape of customer intelligence to drive market. The convergence of the physical and digital worlds in Neosperience is driven by new technologies and by visionary management, which are creating the possibility of seizing the extraordinary opportunities offered by the current phase of digital transformation of the economy and society as a whole that we are experiencing.

In terms of future prospects, the overall value of the National Recovery Plan is Euro 222.9 b, c.21% of which (Euro 46.2 b) is dedicated to "Digitalisation, Innovation, Competitiveness and Culture". Under an optimistic assumption of full utilization of the funds allocated annually, the Italian digital market would grow to Euro 95 b in 2024.

**International scale and M&A for future growth:** The group's development strategy is based on organic growth, continuous investments in R&D and international expansion. The Company intend to grow also through external acquisitions; on this hand, we highlight that the management has a proven M&A track record, with more than 10 acquisitions in the last five years. In particular, the company is currently looking at target with proprietary cutting-edge software solutions able to enrich the group's offer: on 29th November 2021 Neosperience has been strengthened by acquiring control (51%) of Rhei, a company with consolidated experience in the creation of CRM solutions, known in Italy as a reference partner of HubSpot.

**2021-2023 estimates:** We believe that Neosperience can grow revenues at a 20-23 CAGR of +28%, continuing to outperform the market as the Company is well positioned thanks to the high focus on professional expertise and constant investments in R&D, both key growth drivers in this market. EBITDA should grow at a CAGR of 32%. with an increase in EBITDA margin by 510 bps.

**Valuation:** We set a Euro 11,66 p.s. target price of Neosperience, providing for a +114% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis. At our TP the stock would be trading at EV/EBITDA 2021 and 2022 multiple of 16.3x and 11.7x respectively.

**Target Price 11,66**

Market Cap (€ m) **46.9**

EV (€ m) **41.0**

As of 24<sup>th</sup> January, 2021

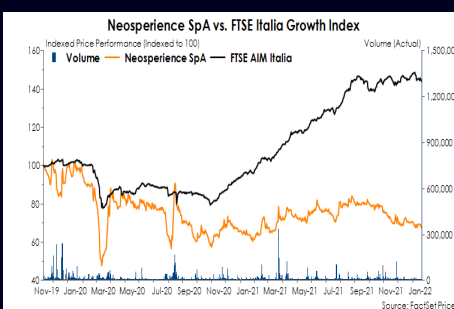
### Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	NSP.MI/NSP:IM
ISIN	IT0005351496
N. of Shares	8.722.161
Free Float	54.81%
Main Shareholder	Neos S.r.l.

### Financials

	2020A	2021E	2022E	2023E
<b>Sales</b>	<b>16.4</b>	<b>19.3</b>	<b>29.4</b>	<b>37.3</b>
YoY %	12%	14%	31%	27%
<b>EBITDA</b>	<b>4.8</b>	<b>5.9</b>	<b>8.2</b>	<b>11.1</b>
EBITDA %	25%	26%	28%	30%
<b>EBIT</b>	<b>0.8</b>	<b>1.8</b>	<b>3.9</b>	<b>6.8</b>
EBIT %	4.2%	8%	14%	18%
<b>Net Income</b>	<b>0.4</b>	<b>1.2</b>	<b>2.8</b>	<b>4.6</b>
<b>Net Debt</b>	<b>(5.5)</b>	<b>(3.6)</b>	<b>(0.5)</b>	<b>4.2</b>

### Share price graph



### Performance

	1M	3M	6M
Absolute %	-3.55	-12.54	-16.31
Relative (FTSE Italia Growth)	-2.53	-12.61	-18.75
52-week High/Low (Eu)	6.90	4.76	

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**NEOSPERIENCE SNAPSHOT**

**Company description**

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**Management**

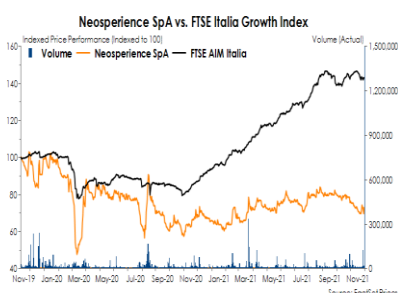
Dario Melpignano – President and CEO  
Luigi Linotto - Executive Vice President  
Lorenzo Scaravelli - Investor Relations and Corporate Development

**Key Shareholders**

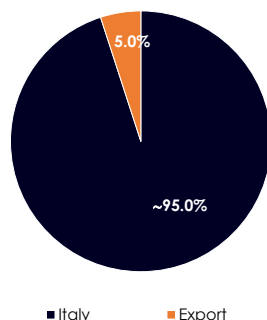
Neos S.r.l. – 39.01%  
Free Float – 54.81%

**Key data charts**

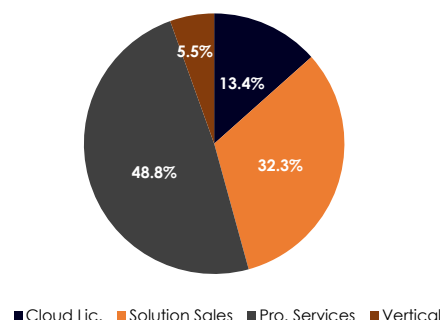
**Stock price performance**



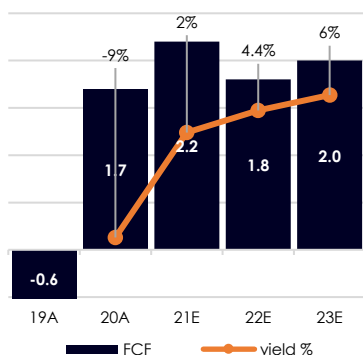
**Revenues by geography**



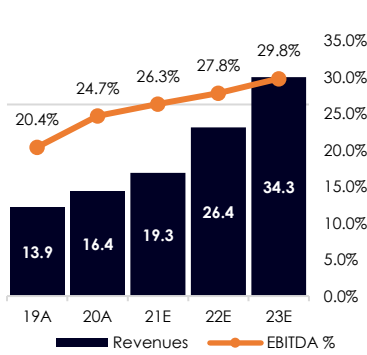
**Revenues by business segment**



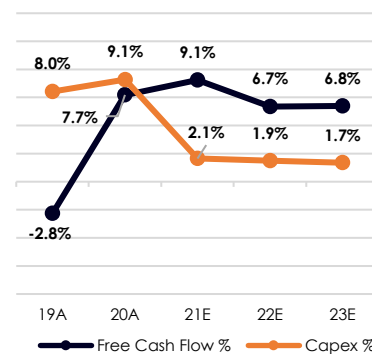
**Free Cash Flow focus**



**Revenues and EBITDA margin**



**FCF and CAPEX on Sales**



Source: Consolidated Group data for FY 2019-2020, IR TOP Research estimates for FY 2021-2023. Factset Prices

**Investment thesis**

- **Technology leader in Customer Analytics:** Accredited over the years as a "thought leader" in the field of Digital Experience, with a community of over 200,000 users as of 2017, mostly professionals and practitioners, Neosperience was assimilated in April 2018 by Gartner as a major player in the field of Artificial Intelligence applied to Digital Experience alongside IBM, Adobe and Microsoft. (source: Gartner Research, 2018, "Applying AI in the Digital Workplace").
- **AI-based proprietary Customer Data Platform:** Thanks to its deep knowledge of software and app developing, the group internally designed Neosperience Cloud, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new clients and increase the value of existing ones.
- **Know-how & Management:** The Group's management has extensive experience in digital and in the creation and marketing of software products; it has already created and developed success stories, including a listed company, lastly sold to third parties (Inferentia DNM). Neosperience boasts a high-profile technical team with approximately 180 professionals of different backgrounds and skills: data scientists, creative designers, experience designers, software architects, psychologists.
- **Continuous Investments in R&D:** Neosperience's 'empathy in technology' vision perfectly explains the peculiarity of the group's offer: by applying machine learning to the results of decades of research in cognitive, social, and behavioural psychology, organisations can provide their clients with a customised and optimised experience based on customer personality.

## KEY FINANCIALS

<b>Profit&amp;Loss Statement</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenues (VoP)	17.5	19.6	22.4	29.4	37.3
EBITDA	3.6	4.8	5.9	8.2	11.1
EBIT	1.1	0.8	1.8	4.0	6.8
Financial Income (charges)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Pre-tax profit (loss)	1.0	0.9	1.6	3.8	6.6
Taxes	(0.0)	(0.5)	(0.4)	(0.9)	(2.0)
Net profit (loss)	0.9	0.4	1.2	2.8	4.6
<b>Balance Sheet</b>					
Net working capital (NWC)	3.4	4.4	4.8	5.7	6.9
Net fixed assets	13.0	19.0	18.0	16.8	15.5
M/L Funds	(0.6)	(1.1)	(1.2)	(1.2)	(1.2)
Net Capital Employed	15.8	22.3	21.7	21.4	21.3
Net Debt	1.3	5.5	3.6	0.5	(4.2)
Minorities	0.3	0.7	1.1	2.1	3.8
Equity	14.2	16.0	16.9	18.8	21.7
<b>Cash Flow</b>					
Net Profit	947.8	411.9	1,184.2	2,823.1	4,626.6
Non cash items	588.0	517.0	67.3	0.0	0.0
Change in Working Capital	(3,397.0)	(991.0)	(429.3)	(922.3)	(1,206.5)
Cash Flow from Operations	(1,861.2)	(62.1)	822.2	1,900.7	3,420.1
Capex	(15,465.0)	(9,972.0)	(3,124.0)	(3,000.0)	(3,000.0)
Operating Free Cash Flow	(17,326.2)	(10,034.1)	(2,301.8)	(1,099.3)	420.1
<b>Per Share Data</b>					
<b>Current Price</b>	5.44				
Total shares out fully diluted (mn)	8.72				
EPS	0.1	0.0	0.1	0.3	0.5
FCF	(1,986.5)	(1,150.4)	(263.9)	(126.0)	48.2
Pay out ratio	0%	0%	0%	0%	100%
<b>Ratios</b>					
EBITDA margin	20.4%	24.7%	26.3%	27.8%	29.8%
EBIT margin	6.4%	4.2%	8.0%	13.5%	18.3%
Net Debt/Equity	9.3%	34.5%	21.3%	2.7%	-19.4%
Net Debt/(Net Debt + Equity)	8.5%	25.6%	17.6%	2.6%	-24.0%
Net Debt/EBITDA	0.37	1.14	0.61	0.06	-0.38
Interest cover EBIT	10.67	7.85	8.89	19.82	34.05
ROE	6.7%	2.6%	7.0%	15.1%	21.3%
ROCE	7.3%	6.0%	10.0%	23.0%	41.3%
<b>Growth Rates</b>					
Revenues (VoP)	-	12%	14%	31%	27%
EBITDA	-	35%	22%	39%	36%
EBIT	-	-27%	118%	123%	72%
Net Profit	-	-57%	187%	138%	64%

## GROUP OVERVIEW

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Neosperience is a leading Italian Tech Company specialized in Artificial Intelligence & Machine Learning applied to Customer Analytics, to assist and improving decision making. The Company was founded in Brescia in 2006 by Dario Melpignano and Luigi Linotto, currently holding the positions of Chairman & CEO and Executive Vice President respectively. Over the last decade Neosperience developed the first AI-based customer data platform that uses Machine Learning and Deep Learning models: Neosperience Cloud is based on several, scalable and ready-to-use proprietary solutions, each of which responds to a specific need in the customers' digital transformation process, using psychographics to improve customer engagement.

## Key Milestones

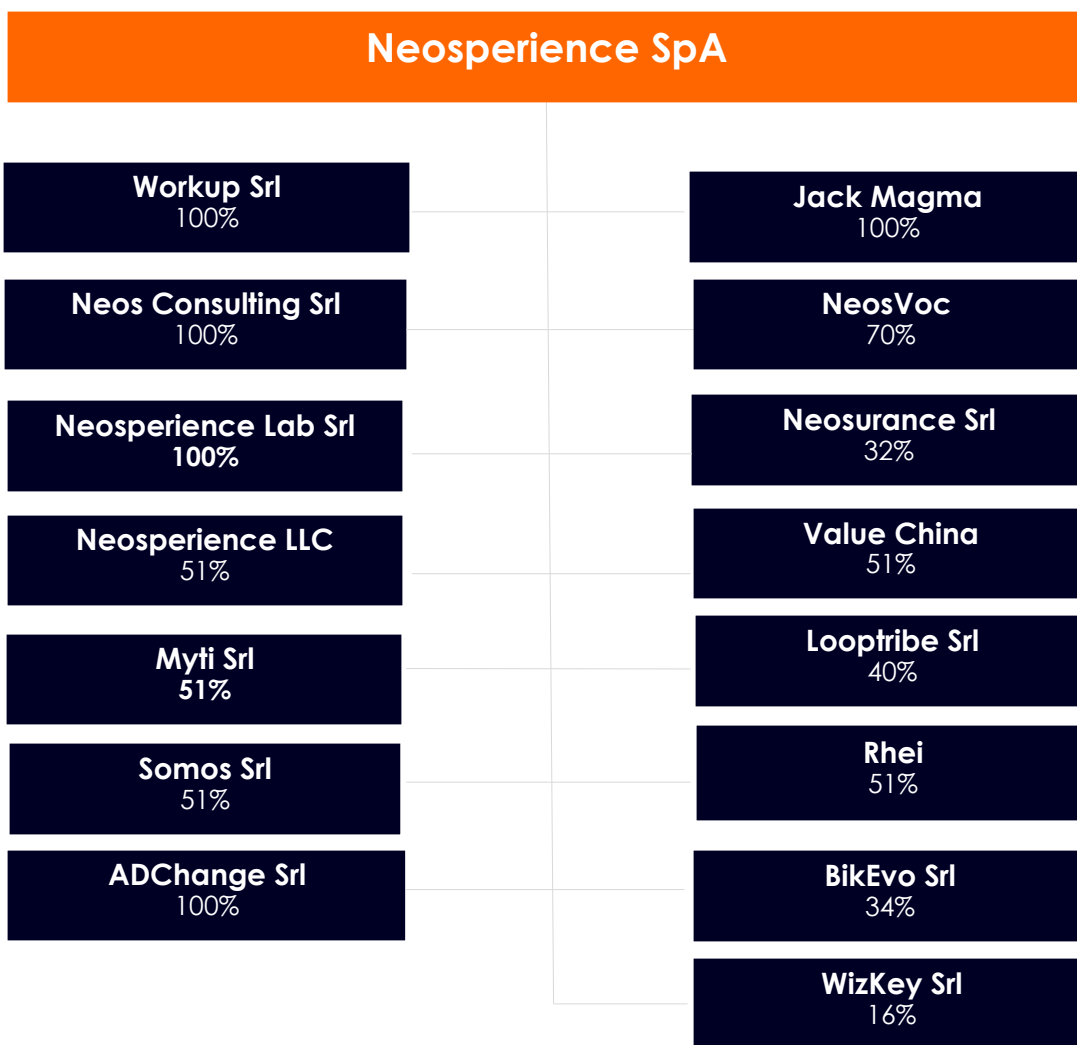
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- **2006:** Incorporated in 2006 in the form of a limited liability company
- **2009:** The company focuses on digital innovation, thanks in part to the entry of Dario Melpignano, who acquires 45% of the share capital. Dario Melpignano and the team participated in the first European research projects in mobile services and developed the mobile app engine that would later become Neosperience Cloud.  
In the early years, the company focused mainly on creating its first apps, also in light of the launch of the iPhone 3G in Europe, working alongside major international operators in a still nascent sector. Subsequently, it gradually positioned itself in the digital transformation field, also thanks to the start-up of collaborations with leading companies in their respective businesses.
- **2011:** In April 2011, the Company was transformed into a joint-stock company, increasing its capital to Euro 0.42 m and also acquiring the name Neos S.p.A.

In the **2010-2015 five-year period**, the Company made significant investments in the development of digital innovation solutions, almost entirely financed by its own funds.

- **2013:** Since November 2013, the Company has been undertaking various research projects, such as the PEGASO project, which aims to use digital and mobile technologies to improve services in healthcare. Further projects relate to the development of application solutions in a number of industrial sectors: retail, publishing, local public transport, with a view to consolidating a leading role in the digital transformation process.
- **2014:** On 13<sup>th</sup> March 2014, Neos S.p.A. changed its name to Neosperience S.p.A.
- **2015:** Neosperience Lab is set up - with an 80% share - as a non-profit company that obtains accreditation as an Innovative Startup.
- **2016:** With the acquisition of control of Neos Consulting, the Group expands its coverage to two different business units: on the one hand, Neosperience S.p.A. and Neosperience Lab S.r.l for large enterprises and, on the other hand, O&DS S.r.l. and Neos Consulting for small and medium enterprises.
- **2017:** In December, the Company, after meeting the requirements, obtained the status of Innovative SME and, therefore, registered in the special section of the companies' register. In addition, Neosperience obtained the ISO 9001:2015 certification.
- **2018:** In August 2018, the Company founded WizKey S.p.A. (and has a 16.36% stake in it), a startup dedicated to the creation of a Blockchain-supported credit marketplace aimed at modernising the sector of securitisation and buying and selling of credits by financial operators.

**Group Structure and international presence**



Source: Group presentation & PMI Capital Elaboration

Currently, the Neosperience Group consists of:

- **Neosperience Lab Srl:** carries out research and development projects and solutions for process and product innovation in the IT field.
- **Neos Consulting Srl:** operates as an organisational and industrial consulting company and uses information systems as a platform to enable client companies to manage change and engineer their processes.
- **Somos Srl:** provides consultancy and application development with innovative web and IoT technologies, with a focus on the transport market.
- **Neosperience LLC:** is the American legal entity with operational offices in Seattle that aims to offer Neosperience application solutions to the US market.
- **Value China:** is dedicated to the Chinese and Asian markets for the supply of digital products and services such as market strategies, marketing solutions, consultancy and development of software and mini-apps on the major digital platforms such as WeChat and Alipay, both for European companies that want to sell in the Chinese market and for Chinese companies that want to bring their products and services to the European market.
- **Workup Srl:** is active in the production of software and digital services dedicated to e-commerce. It is known in Italy for its proprietary RubinRed platform, which now boasts over 300 cloud implementations for companies operating in the main industrial sectors.
- **ADChange Srl:** a Turin-based company with a consolidated presence in the Lead Generation sector.
- **NeosVoc:** provides a Voice of Customer platform, i.e. a set of methodologies, real-time listening tools and new analysis models that enable in-depth knowledge of customers and offer them the most suitable experiences and products.

- **Myti Srl:** a company based in Brescia, is active in the production of software projects and digital services dedicated to SMEs.
- **Neosperience LLC:** offers Neosperience branded digital solutions for foreign clients and in particular for the USA/Canada world.
- **Jack Magma:** is a digital product design agency specialising in branding and digital user experiences.
- **Rhei:** a domestic software company specialised in developing Customer Relationship Management solutions. The firm has been a Diamond Partner of HubSpot since 2017.

In addition to the above Neosperience holds minority stakes in various innovative start-ups dedicated to the Insurtech, Sportech, Legaltech and Healthtech markets. These investments offer in our view an additional potential upside on the investments as destined to be sold and potentially generate capital gain. These realities have received the initial allocation of technology from Neosperience and are now independent, both financially and in terms of management time.

- **Neosurance Srl (32%):** is an AI Insurance Platform that proposes innovative solutions for communities and global insurance companies, enabling them to offer micro-policies of short duration and low unit cost.

- **BikEvo Srl (34%):** is a community and app for cyclists that offers personalised services such as the "Bike Personal Coach", a virtual coach with the expertise of professional trainers.

- **WizKey Srl (16%):** is an application platform, developed from the web console and some infrastructure modules of Neosperience Cloud, for buying and selling credits integrated with blockchain and intended to modernise the credit securitisation market through smart contracts.

#### **BUSINESS MODEL: DIGITAL TRANSFORMATION = DIGITAL PLATFORM + DIGITIZATION**

Neosperience is an innovative SME operating mainly in Italy, in the "Digital Experience" market, i.e. in the field of technologies that, by analysing the set of digital interactions between a customer and a company, guide the way people interact through digital tools and channels such as *apps*, *websites*, *e-commerce platforms* and *chatbots*.

In this field, Neosperience creates and provides software platforms for companies that want both to improve the level of knowledge of their customers and their habits, and to acquire greater visibility and optimise the relationship with the customers themselves, increasing their loyalty. The primary objective of Neosperience is to allow companies to maintain a direct relationship with their end customers, effectively exploiting the interaction with them mediated by global digital players such as Amazon, Google and Facebook. Neosperience support companies in their digital transformation with a proven set of technology solutions and services that are tailored to each client's needs and help to infuse empathy in relationship with customers, business partners and distribution networks and thereby increase revenues and improves operations processes and profitability.

**New Business Models for Digital Products**



Source: Group Presentation

**The Neosperience Cloud**

At the heart of the Group's technological solutions is a latest generation customer data platform, the Neosperience Cloud, based on a server-less architecture of high scalability and performance. The Customer Data Platform, Neosperience Cloud, unifies and systematizes the solutions proposition to the market. Thanks to the platform, companies can establish an empathic and direct relationship with each of their customers, giving life to new business models that generate constant flows of recurring revenues.

Neosperience Cloud is based on an advanced technological infrastructure called AWS - Amazon Web Services: the same used by companies such as Amazon itself and Netflix.

This fact is sometimes underestimated by customers, because with AWS technology you don't have to spend money on expensive hardware or backup & security: you can take advantage of this on your own laptop! In addition, when Neosperience engineers and AWS technology made an update (3 per year, typically) you can benefit from them: on this side, AWS updates are faster and less expensive.

Neosperience Cloud enables companies to effectively engage their customers by easily, quickly and efficiently creating apps, websites and other digital interaction tools between companies and their customers.

The interdisciplinary integration of *psychology, behavioural economics and data science* to drive business processes in both the physical and digital worlds enables Neosperience Cloud to automatically deliver engaging and effective experiences on end-customers' smartphones, tailored to each user's unique and distinctive profile.

Developed over more than ten years, thanks to the experience of a team of approximately 180 people including *engineers, data scientists, psychologists, computer scientists and designers*, with an investment of more than 100 man-years of time and resources, Neosperience Cloud allows companies to gain a 360° understanding of their customers, adapting communication to each customer's profile and, as a result, increasing the likelihood that the end user will relate to the company, for example, through more interactions and/or purchases.

Through the platform, the company can identify non-intuitive correlations between the behaviour of its customers detected through digital touchpoints such as websites, apps, social media and messaging platforms and their personality traits - such as their 'extroversion' and their propensity to 'open up to new experiences' - which could not otherwise be detected, thus improving its product or service and the way it is told. The result is to be able to provide each user with what they really need, with targeted storytelling that is much more effective because it is built on an individual basis.

When you have defined clusters, you can propose different products, participate in events and you can customise all marketing levers and tools. With the platform, every marketing manager,



even those who know nothing about technology, can design a complete campaign and direct it to different customer clusters, manage everything and also the history.

Neosperience *Cloud* allows companies to accompany their customers in the purchasing experience of products and/or services through the use of different tools, such as: conversational interfaces for listening and collecting customer *feedback* in real time (*Voice of Customer*); augmented reality and virtual reality for user involvement through unconventional immersive experiences, which create a bridge between the physical and digital worlds.

In addition to these, there is the continuous and contextual collection of information on lifestyle and consumption habits, while strictly respecting the privacy of each customer. This set of tools makes it possible to anticipate market needs and to verify the way in which a company's customers interact and purchase and/or subscribe to products and services.

The Neosperience Cloud is offered to customers as Software-as-a-Service (SaaS). Commercially available options include:

- **Scalable Software-as-a-Service (SaaS):** businesses build their apps and web services using readily available Neosperience features and products, customised to meet their needs, through either direct or indirect channel, creating a consistent and recurring revenue stream for the Company. Licenses are automatically renewed every year (annual based).

- **Customised products:** the functions offered by Neosperience Cloud can be combined and modulated to address specific business requirements with the creation of customised products. These products can then be offered through the Company's scalable business model.

- **Multi-sided marketing platforms:** applications such as augmented reality, E-Commerce, and bidding aggregators can be assembled into catalogues of apps that connect businesses to their customers to provide added value, which grows by attracting more users (network effect). The multi-sided marketing platforms enabled by Neosperience Cloud can make use of sector- or geography-specific business partners, thus increasing the companies' dependence on the platform and lock-in for the benefit of the company.

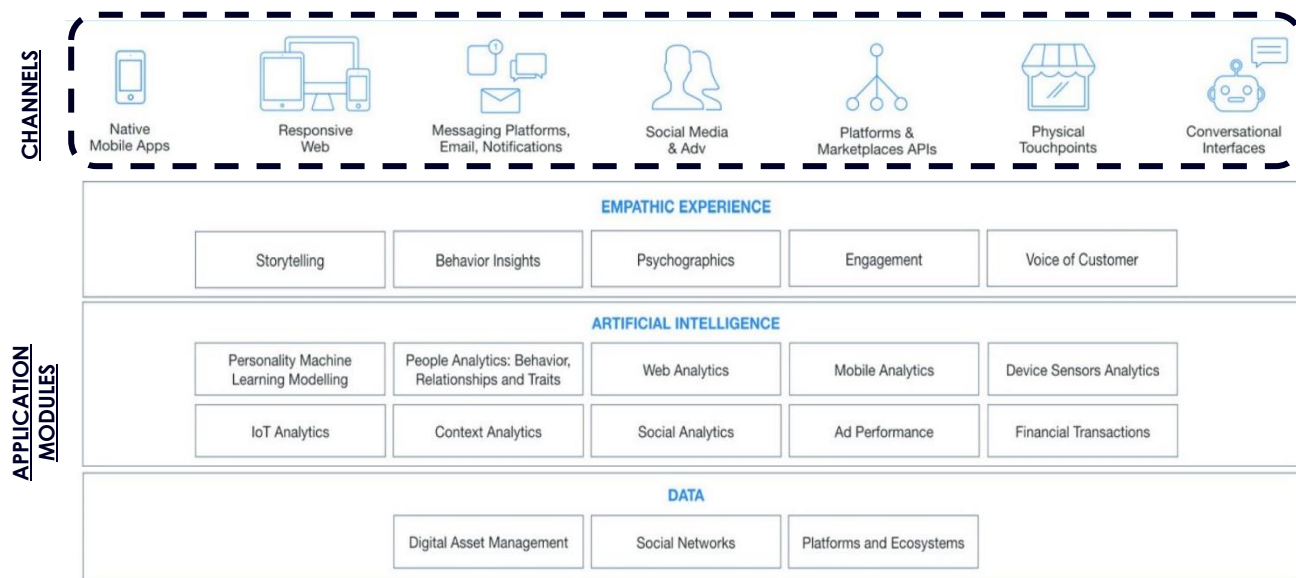
- **Long tail:** the design, implementation and sales processes enabled by Neosperience are closely linked, allowing new product ideas to respond to market trends in a timely manner. The flexibility of the Neosperience Cloud back end allows for rapid evolution in its target market, enabling third parties to add value by offering different niche products. Each of these products can be sold while maintaining profitability even at low volumes, while a limited number of best-sellers make up the bulk of revenues.

The technological approach of Neosperience *Cloud* is characterised by a platform and by versatile and scalable "as a service" solutions, which allow the rapid generation of vertical application solutions dedicated to specific industries.

By *Solutions* we mean complete digital solutions, i.e. pre-configured compositions of functional modules that implement real end-to-end application processes ready for use.

These solutions use the Neosperience *Cloud* platform for their operation; this allows customers to "try out" some of the platform's functions and therefore to purchase individual modules that can be easily integrated with each other as users of the same technology.

The Neosperience *Solutions* have been updated over the years based on usage, testing and feedback from client companies. They meet the needs of marketing and sales in the main industry sectors: fashion and luxury, retail, healthcare, manufacturing and financial services.



Source: Group Presentation

### Neosperience Offering

Neosperience offers a complete range of solutions for Customer Experience. The solutions are modular and entirely customisable and each of them responds to a specific need in the customers digital transformation journey.

- Image Memorability is a system that uses artificial intelligence to process the 'memorability map' of an image, i.e. to identify which parts of the image remain most in the memory of customers/consumers. This system allows, therefore, in a very short time and at a very low cost, to develop a ranking of images from which companies can choose the most effective in terms of sales.

- NeosVoc is a Voice of Customer platform, i.e. a set of methodologies, real-time listening tools and new analytical models that allow to get to know customers in depth and offer them the most suitable experiences and products. With NeosVoc, data collection and analysis take place simultaneously; surveys are carried out through web interviews and chatbots, as well as video interviews and video focus groups. The data is then collected and immediately viewable in a dashboard showing real-time trends.

- User Insight is a tool for understanding user behaviour on a website by collecting relevant information for a complete understanding of the psychographic and behavioural characteristics of each visitor. This qualitative information then allows us to offer hyper-personalised content, products and experiences.

- Nudging Gamification is a system that allows companies to offer customers personalised experiences based on their characteristics. Through an easy-to-use dashboard, Neosperience Nudging Gamification can be applied to online and offline touchpoints, encouraging customers to achieve specific behavioural goals such as buying an item, downloading content or filling out a form.

- Reality Plus is a platform that allows to easily develop Augmented Reality products and solutions to deliver deeply engaging customer experiences.

- People Analytics is a system that, using artificial intelligence and machine learning, through the vision of a camera, makes it possible to follow the movements and behaviour of customers within a point of sale (always in compliance with privacy regulations). This information allows sales staff to better follow customers and understand their propensity to buy.

- Skinnable App consists of a back-end service and a generic app that can take on the form, colours and content of a specific trader, based on the selection of the end customer. The generic app, once launched, reconfigures itself to become specific to the individual channel partner. For example, in this way the end customer is able to select, automatically or manually, their preferred partner or outlet and access personalised content.

- Easy Voyager enables the creation of a personalised customer experience. The traveller has everything they need to plan their trip and get around in one app, while analytics save every action and provide the company with valuable insights to develop personalised content, offers and messages.

- Rubin Red is a state-of-the-art, highly scalable Digital Commerce Platform. This solution makes it possible to create web applications of any nature and complexity (Marketplace, Digital Commerce WebApp, Website, etc.), in the B2C and B2B spheres, which are extremely customisable, extensible, high-performing and easy for customers to manage.

- Declaro allows the configuration or dimensioning of any system or product or plant, of any complexity and size, for the design, quotation and sale of products and services. Declaro is aimed at all companies that manufacture or distribute complex products or services.

- Lead Champion Customer Generator is the solution that attracts ideal customers by analysing their behaviour with artificial intelligence. Proprietary algorithms are able to provide key information about anonymous visitors to websites. The solution provides the user with a signed score of the visitors, to identify the most promising ones. The collected data is organised in a state-of-the-art Customer Data Platform (CDP) - based on Amazon Web Services - which can be integrated with leading ERP and CRM systems. Lead Champion is the SaaS-based lead generation suite that helps companies acquire customers through their website; its discover is aimed at B2B companies that need to increase their ability to generate business opportunities from the web channel. In pandemic period, with reduced number of trade fairs, in B2B market is more difficult to intercept your potential customer; lead champion helps to do this. Track ingress on the site and degree of interest, behaviour that leads to purchase or not and with the possibility to contact the most promising ones.

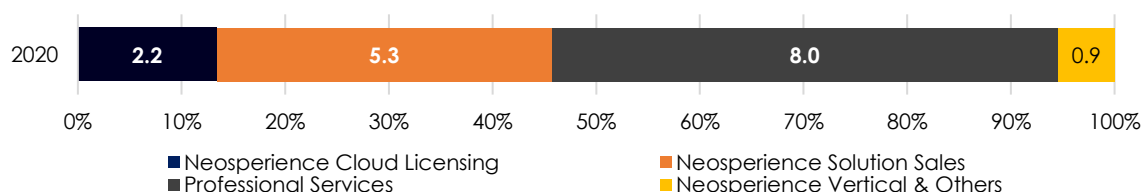
- Bleen is a search engine for companies that allows access to all information and all business functions from a single software usability. Bleen uses cognitive computing algorithms, semantics and computer vision to "learn" from business systems: it extracts, indexes, aggregates and stores data, also comparing them with the web. It cuts search times immediately, searches through millions of contents in a second, quickly navigates through aggregated results and automatically associates them. View, send, edit and share data by directly opening the file or screen of the integrated management system.

- Value China is a leading cross-cultural company based in Italy helping domestic companies that want to work on projects with China.

**Business Lines**

The business model is based on four business lines: Cloud licencing, Solutions, Professional Services and Vertical & Others.

**Revenues breakdown by business – FY20 – Eur m**



Source: Consolidated Group data

Foreign sales are mainly made through existing corporate partnerships: Neosperience hardware is sold "dressed and seasoned" by the partner's consultancy. Buying the companies abroad directly would be more complex in terms of both economic and management effort.

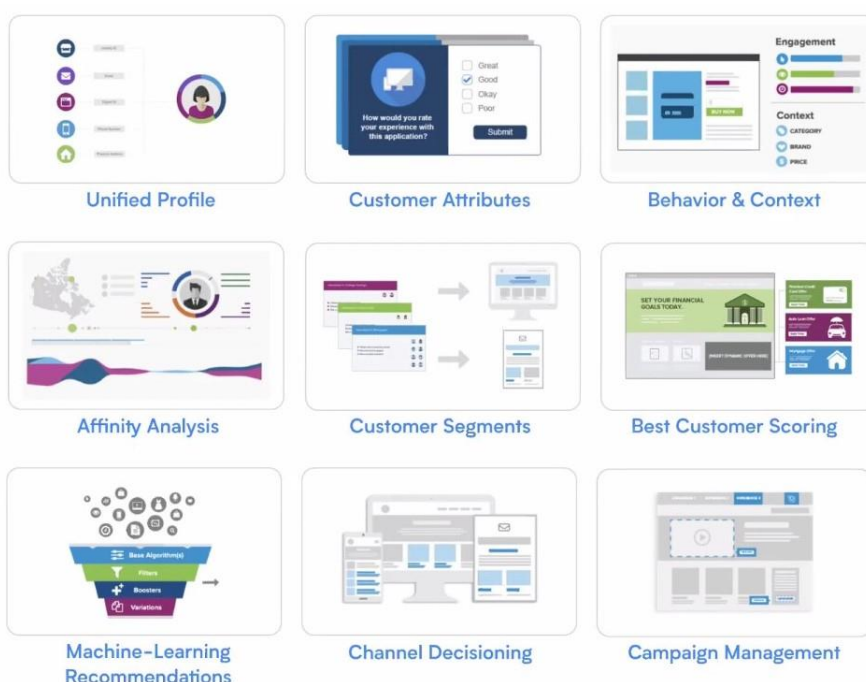
### Neosperience Cloud Licensing

The Neosperience *Cloud Licensing* revenue line includes the provision of licences to use the Neosperience *Cloud* platform, which is divided into three configurations based on the performance required and the articulation of the modules that make up the platform:

- Individual modules, at an annual price of approximately Euro 14 k;
- Standard platform, at an annual price of about Euro 59 k;
- Enterprise platform, at an annual price of around Euro 118 k.

The platform is sold both directly by Company personnel and indirectly through a network of operators in synergistic sectors; this second sales method will tend to be prevalent in the near future.

### Real-time data and insights to optimize marketing and sales



Real-time data collection and analysis functions are always available, as well as automated messaging to customers and/or the sales force:

- 1) Searches based on personal and profiling data;
- 2) Definition of custom segments, intended as saved searches and therefore re-executable.
- 3) Sending personalized messages (e.g. SMS and email) to segments.
- 4) Global, segment and individual customer or message analytics.

Source: Group Presentation

### Solution Sales

This revenue line uses and sells solutions based on Neosperience *Cloud*, which are an evolution of the standard platform, as they contain modules adapted to specific product sectors (e.g. fashion, banking, publishing, etc.). These modules, having been developed in previous projects entrusted to Group companies, are made available to all client companies that are part of a specific sector. The application solutions generated in this way share with the standard platform most of the underlying application modules, producing economies of scale.

Also in this case, the approach to the market will increasingly make use of operators who already have a significant presence and customer base in the specific sector of each solution; these subjects benefit from part of the sales revenue of the Neosperience *Cloud* licence and provide the customer with the necessary customisations and interface integrations, generating further added value in a scalable and win-win logic.

These digital innovation solutions, where of particular relevance from a scientific point of view, are developed by Neosperience R&D dedicated business units.

### **Professional Services**

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This revenue line develops specific projects based on the Neosperience platform. These are often projects developed by the subsidiaries. As this is essentially an ad hoc activity, although with attractive margins, it is not inherently scalable and therefore it is not from this line that management expects strong growth in turnover and margins. On the other hand, it is precisely from these projects that the Company acquires fundamental sector knowledge to evolve the Neosperience Cloud platform in line with market needs and to create new solutions (see previous revenue line).

Neosperience also enables its customers to access, remotely and on demand, a set of software and hardware resources (e.g. network, servers, storage devices, applications and services). In particular, Neosperience provides solutions, mainly based on Amazon Web Services and IBM infrastructures, which are integrated, if necessary, with the technological infrastructures already present at the client companies. Neosperience also provides Cloud services, to a lesser extent, in the "Public Cloud" sector, integrating and managing the more standardised solutions offered by the large market players in order to adapt them to the needs of its customers.

Neosperience hosts and manages a number of "critical" applications - such as, for example, the management applications of its customers - offering levels of service, IT security, accessibility, rapidity of implementation, customisation, performance, integration, accessibility, speed of implementation, customisation, performance, integration, scalability and flexibility, which the management considers high.

### **Vertical & Others**

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Three key industrial sectors have been identified: Healthcare, Fintech and Transport & Security, for which the Digital Customer Experience represents a decisive competitive lever.

Neosperience has therefore decided to set up three distinct business units dedicated to these sectors, with dedicated and focused staff. These units will be able to evolve into real autonomous companies if a partner expert in the specific sector is found with whom objectives and strategies are shared.

Neosperience will be able to bring the technological knowledge and the partner the know-how, the network of business contacts and the experience in the sector.

#### Focus on Neosperience Health Cloud

Just in the last ten years, in Italy, the lack of digital innovation in the healthcare system has cost us Euro 100 b.

By saving resources, making technology more efficient and patient-friendly, we would not only save Euro 10 b a year but would also substantially improve people's lives. And this value is priceless. These are the prerequisites that make it necessary to intervene drastically by bringing to the world of health the vision, technologies and advanced application processes that have characterized the last twenty years of continuous innovation of Neosperience.

1. **Client-centric approach:** From the drafting of the project, to the definition of the necessary functions, everything is agreed with the client company, in order to satisfy its multiple and peculiar needs. Neosperience Health Cloud modules are fully customizable and deployable separately.
2. **Quality and reliability:** User Experience, branding and user interface are modeled according to the needs of end users. At the end of the design, rigorous tests are carried out before delivery, as required by Neosperience's quality control standards.
3. **Privacy-by-design:** The importance of protecting the privacy of end users is crucial! This is why Neosperience Health Cloud complies with and exceeds the rules of the GDPR and guarantees the highest standards of security in the collection, management and processing of data.

The Neosperience Health Cloud **Artificial Intelligence Engine** processes personal and clinical information in an integrated form, exceeding the limits of clinical data information silos. It also supports the health professional in pre-diagnosis and diagnosis, identifying patterns and correlations of a possible health problem.

Machine learning algorithms, the engine of the solution, are today one of the most sophisticated and cutting-edge technological examples on the market. Their validity has been confirmed through peer-reviewed scientific publications.

The Neosperience Health Cloud:

- **Collect** → Neosperience Health Cloud receives medical data and collects biometric parameters on an ongoing basis from personal devices connected to Apple HealthKit and Google Fit platforms.
- **Analyze** → Algorithms sort information into clusters, identify patterns, and improve the diagnostic process, helping correlate symptoms and etiology from medical analysis data and context information.
- **Results** → AI produces real-time results that can improve diagnostic and prognostic processes. The algorithms are scientifically validated by external institutes and are developed in collaboration with nationally and internationally accredited specialists.

### Client BASE

Neosperience offers its technology to leading companies in a vast range of industry sectors: over 700 clients and no particular concentration.

#### Fashion, Luxury & Beauty



#### Consumer Goods, Retail & Distribution, Energy & Communications



#### Automotive, Healthcare & Life Sciences, Industry & Services



#### Financial Services, Travel & Transportation, Government



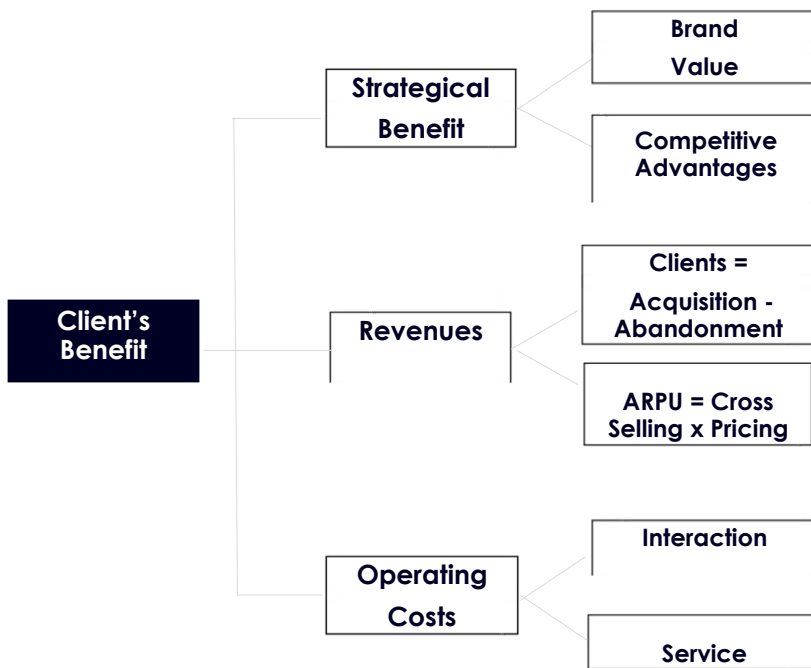
Source: Company Presentation

### UNIQUE VALUE

The company uses psychographic tools developed with the use of artificial intelligence to analyze customers, enrich the profile of each user (based on the different emotional and cognitive characteristics of users), and define tailor-made digital experiences.

Through the use of the platform, customer companies are able not only to collect data on the purchase experience, but also data pertaining to behavioural characteristics through the identification and analysis of 19 different psychographic attributes; it's not needed to us all of them, just because it depends on the peculiarities of the market and the field analysed (each field has its own features).

The added value offered by Neosperience is attributed to the addition of empathy in customer analysis and profiling, providing a more detailed picture of the customer than the competition.

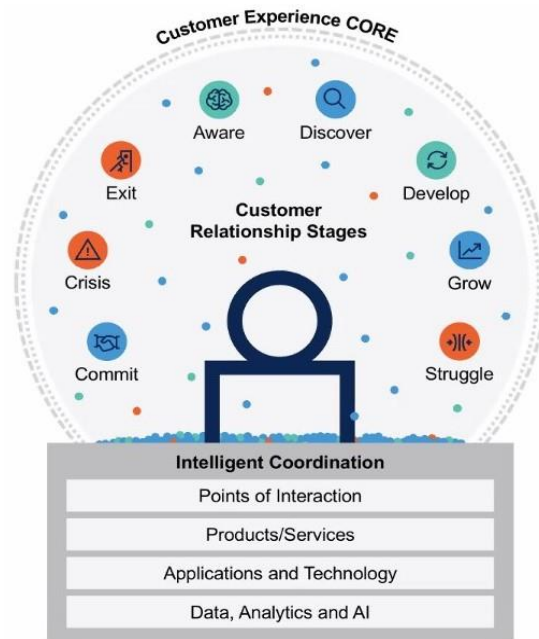


- Opportunities to increase traction and value across all of our Client's lines of business
- Acquisition of strategic (business and technology) capabilities to help our Client create and maintain a community of its customers to whom it will sell products and services for decades to come, evolving to a "subscription based" model
- Enhanced customer acquisition capabilities through better listening through the evolution of digital touchpoints toward empathy;
- Positive effect on churn rate due to higher exit barriers
- Satisfying a wider range of customer needs (increased share of wallet);
- Optimization through improved customization capabilities of the offering
- A deep and empathetic understanding of user needs and behaviors is achieved to implement the most effective solutions. Ideas are made tangible by implementing and testing products/services using a Minimum Viable Offering (MVO) approach. Once validated, new products/services are evolved to a higher level of maturity on a commercial and operational level, to make sure that their success is long-lasting.

Source: Company presentation

**CORE model & Agile Methodology**

**C**ustomer  
**O**rganization  
**R**elationship  
**E**xperience

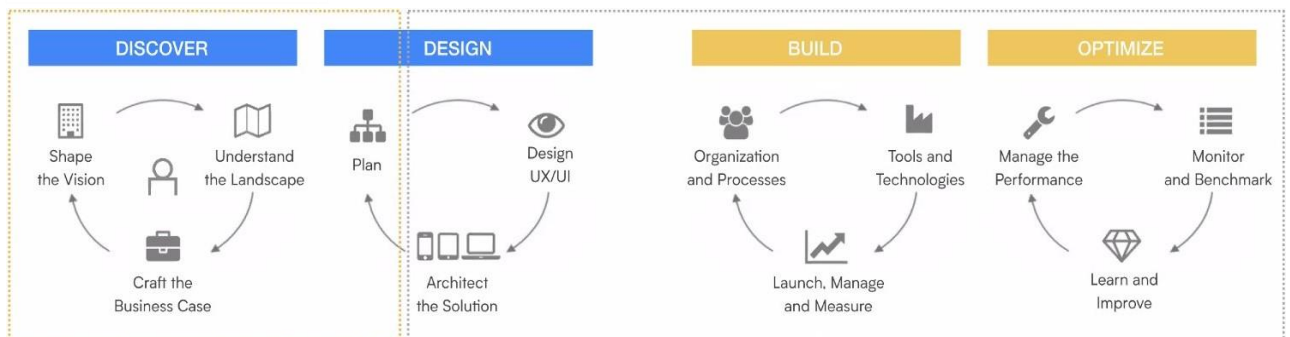


Source: Group Presentation

Neosperience is the first digital reality to have adopted the CORE Customer Experience innovation model for its clients customers, introduced by Gartner in November 2021 to change the technocentric approach to customer experience. In fact, the company realized that a technocentric approach to customer experience was no longer in step with people's needs, particularly in relation to the increased need for customer empathy as a result of the pandemic. What's needed is a combination of technology and psychology - two inextricably linked fields, to rediscover the human in digital - that uses AI to enable digital touchpoints (websites, apps, conversational platforms) to demonstrate empathy towards customers, when it's needed most. Pre-pandemic assumptions about innovation must be left behind by managers and entrepreneurs, we are convinced of how it is essential to capture the positive changes introduced by the same pandemic in terms of technology; we are leveraging these changes and, in particular over the last 2 years, have created an eco-system of proprietary digital solutions dedicated to strengthening the relationship between our clients and their customers. Increasing the engagement of the distribution network and generating recurring revenue even on a fee-for-service basis, with subscription-based models that address customer viability in a much more effective way.

**Business & Technology Setup**

**Implementation**



It allows you to quickly define ambitions and map out a roadmap to success: a portfolio of ideas, informed by current trends, new competitors and customer A deep and empathetic understanding of user needs and behaviors is achieved to implement the most effective solutions. Ideas are made tangible by implementing and testing products/services using a Minimum Viable Offering (MVO) approach. Once validated, new products/services are evolved to a higher level of maturity on a commercial and operational level, to make sure that their success is long-lasting.



**REFERENCE MARKET: APPLYING AI IN THE DIGITAL WORKPLACE**

Neosperience's reference market is the Customer Experience market and more in particular the Customer Data Platform segment. A **Customer Data Platform** is defined by the CDP Institute as "packaged software that creates a persistent, unified customer database that is accessible to other systems". Key elements of the definition are:

- **Packaged software:** the CDP is packaged software, usually bought and controlled by business users, most often in marketing. This distinguishes CDPs from *data warehouses* and *data lakes*, which are usually custom-built by corporate or external IT specialists. The packaged nature of the CDP makes it easier to deploy and change as new needs arise.
- **Persistent, unified customer database:** CDP creates a comprehensive view of each customer by capturing data from multiple systems, linking information related to the same customer, and storing the information to track behavior over time. The CDP contains personal identifiers used to target marketing messages and track individual-level marketing results. CDPs work primarily with data gathered by a company's own systems about identified individuals. They may also include data from external sources and about anonymous individuals.
- **Accessible to other systems:** data stored in the CDP can be used by other systems for analysis and to manage customer interactions. The CDP restructures the data, adds calculated values such as trends and model scores, and shares the results in formats that other systems can accept. Access methods typically include APIs, database queries, and file extracts.

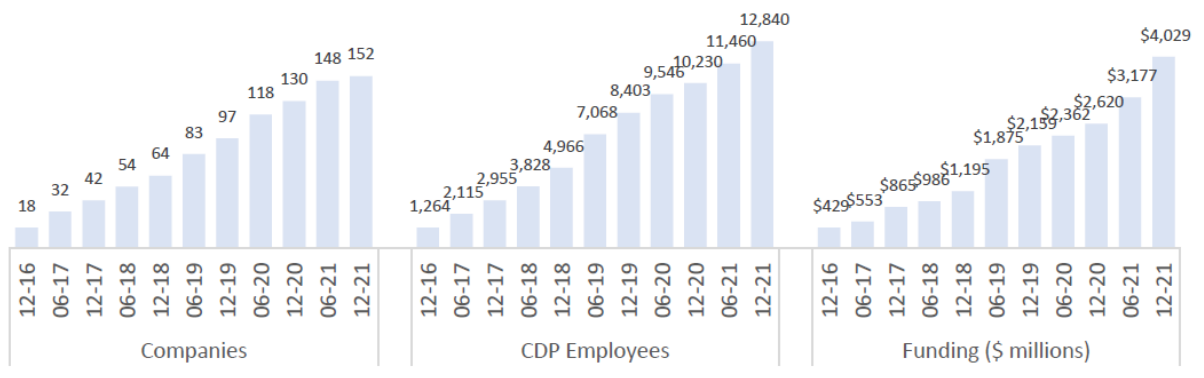
These features distinguish CDP from other packaged software that also manages customer data. Customer Relationship Management and Marketing Automation systems work primarily with their own data.

Data Management Platforms store only limited details for limited periods and include large volumes of externally-owned data. Integration Platforms do not maintain a permanent database. Master Data Management systems store identifiers but not transactions.

Based on "Customer Data Platform Industry Update: January 2022" report, CDP industry grew at an accelerated pace in the second half of 2021, adding four vendors, nearly 1,400 employees, and USD 850 m in funding.

Continuing the trend of the past three reports, growth was concentrated among existing vendors, who accounted for 85% of added employees and 88% of added funding. The six-month employment growth rate for firms listed in previous reports ("organic growth") reached 11%, the highest since 2018.

**CDP Industry Growth**



Source: CDP Institute

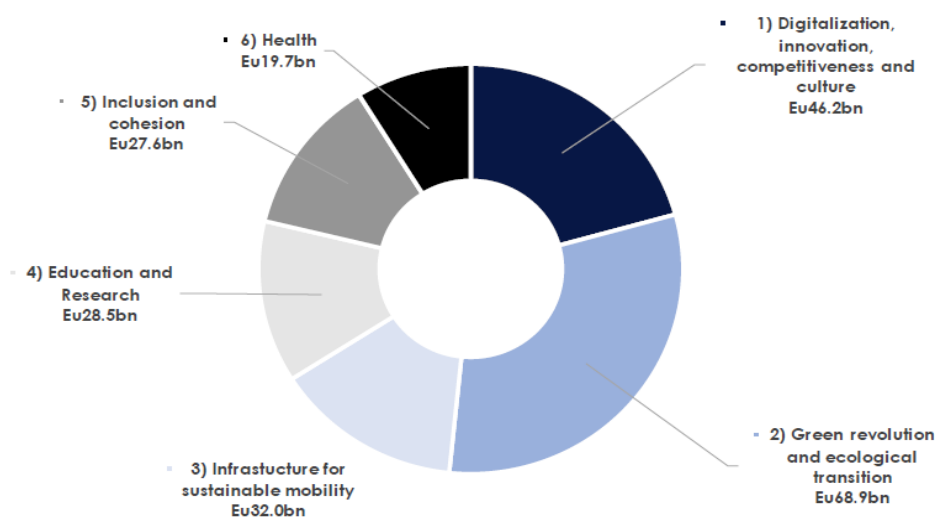
The global customer data platform market is expected to grow from USD 3.5 b in 2021 to USD 15.3 b by 2026, at a CAGR of 34.6% during the forecast period; proliferation of customer channels are expected to drive the adoption of customer data platform solutions and services increasing spending on marketing and advertising activities by enterprises are changing landscape of customer intelligence to drive market, and. The convergence of the physical and digital worlds in

Neosperience is driven by new technologies and by visionary management, which are creating the possibility of seizing the extraordinary opportunities offered by the current phase of digital transformation of the economy and society as a whole that we are experiencing.

### **NRRP DIRECTIVE**

The overall value of the National Recovery Plan is Euro 222.9 b., as on top of the initial Euro 29 b of NGEU funds there is the Euro 13 b. European ReactEU programme. The plan consists of six missions with 47 lines of action for different projects, with the largest shares for the digital and green transition, respectively 20.7% and 30.9% of the total. The problem of the governance for the plan remains to be resolved and this will be tackled via a new decree.

### **Missions and figures for the National Recovery and Resilience Plan**



Source: NRRP

The total amount for the first mission: Digitalisation, innovation, competitiveness and culture (Euro 46.2 b), c.21% of total funds, is divided into three lines with different related projects, as outlined in the chart below:

### **The first mission of the NRRP: Components and Figures**

Components	Funds (Eu bn)
<b>Digitalization, innovation, competitiveness and culture</b>	<b>46.2</b>
1. Digitalization, innovation and security in public administration	11.5
2. Digitalization, innovation and competitiveness in production system	26.7
3. Tourism and culture	8.0

Source: NRRP

The first component is divided into several lines:

- 1) **Public sector digitalization (Euro 7.95 b)**, with the following proposed projects:
  - a) **Digital infrastructure and cybersecurity (Euro 1.25 b)** – investments in developing highly reliable and efficient infrastructure for the provision of cloud services to the public sector.
  - b) **Data and interoperability (Euro 1.13 b)** – interventions to make databases interoperable and accessible through an API catalogue that allows central and local public bodies to draw data down from the cloud, process it and provide services to citizens and companies, in line with the EU Data Strategy.

- c) **Digital citizenship, services and enabling platform (Euro 5.57 b)** – interventions for promoting the use of electronic identity verification (SPID and CIE), digital signatures and certified e mail; legally-binding notification of acts, resolutions, notifications and communications from public sector bodies; full public sector digitalisation; the creation of a cashless community (Euro 5.57 b, of which Euro 4.7 b already allocated for the Italia Cashless project).
- 2) **Public sector modernisation (Euro 1.50 b)**
- 3) **Innovation in the organisation of the justice system (Euro 2 b).**

The second component is divided into the following line:

- 1) **Transition 4.0 (Euro 18.98 b):** CapEx incentives for digital and green transition. The project is based on a tax credit for expenditure on capital goods (tangible and intangible 4.0), for investments in R&D, in innovation and development processes oriented towards environmental sustainability and in digital evolution. Disbursement of the tax break benefits from simplified and accelerated procedures. This extension, starting from 2021, should allow greater involvements of SMEs that have to close a historical gap in terms of basic digitalisation. In addition, the plan, which will again benefit SMEs provides a wider pool of facilitated intangible capital goods and simplified and accelerated compensation mechanisms for the benefits accrued for companies with an average annual turnover of less than Euro 5 m.
- 2) **SME financing and guarantee fund (Euro 0.80 b);**
- 3) **Broadband, 5G and satellite monitoring (Euro 4.20 b);**
- 4) **Microprocessor innovation and technology (Euro 0.75 b);**
- 5) **Industrial supply chain and internationalisation policy (Eu2.00bn).**

Despite it being too early to assess the potential impact from the introduction of these measures, it is clear that this could significantly boost digital spending in the next few years, benefitting companies directly involved in this field such as Neosperience.

#### **THE COMPETITIVE POSITIONING OF NEOSPERENCE**

The Digital Experience market is vast, complex and extremely interconnected. In this competitive area a lot of start-ups and micro/small companies coexist with a few giants such as Adobe, IBM, Oracle, Salesforce and SAP.

Company can boast a significant competitive advantage over many of its main international competitors due to the introduction of psychographic tools and theories within the platform, which can be traced back to the Company's motto "Empathy in Technology".

In Italy the market is still being defined and no competitors seem to have emerged that offer a type of product similar to that offered by Neosperience.

According to Gartner, the most relevant technology analyst in the world, Neosperience enters the "Competitive Landscape: Customer Analytics" ranking along with six other of the world's most innovative software companies (including Salesforce and Sas). Recognized for high customer profiling capabilities in the digital environment, Neosperience has, according to the research firm, re-invented the digital customer experience in the key of empathy and thus promoted as the only Italian company "on the rise" in the Customer Psychographics sector.

## **INDUSTRY BUSINESS SYSTEM AND STRATEGIES**

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The group's development strategy is based on organic growth, continuous investments in R&D, international expansion and new acquisitions.

Consistently with its growth path, Neosperience's principal strategy is focused on:

- Consolidation of the group's competitive positioning in the reference market: as the Neosperience Cloud platform was developed on a state-of-the-art software architecture, it is strongly customisable and heavily scalable. The group is expanding the platform's fields of applications, by developing further modules and solutions. In this way, Neosperience will be able to cater to a plethora of different industries thanks to a wide portfolio of ready-to-use solutions.
- International expansion: as of today, the group generates almost 100% of its revenues in Italy. Neosperience plans to expand its business mainly to the US, the German-speaking area and the Asian-Pacific region (mainly China) where the market of software solutions supporting the digital transformation is buoyant. In particular, in China, the group plans to develop the activities of its subsidiary Value China by:
  - provide Chinese businesses with successful digital products able to expand their activities in Europe;
  - help European companies to understand the peculiar digital dynamics of the Chinese market in order to expand their activities in the Asian-Pacific area;
  - promote Chinese tourism in Italy by using an innovative digital approach based on the Neosperience Tourism Cloud platform.

In other areas the goal is to establish strategic partnerships with system integrators and software vendors in order to be well visible among big international businesses searching for software solutions to improve their Digital Customer Experience.

- M&A opportunities: the reference market is highly fragmented with a plethora of micro and small-sized actors. The group has a solid track record in acquisitions and in their integration, having closed several deals since the IPO: House of Key, WorkUp, AdChange, Myti and most recently Rhei. Neosperience is looking for M&A opportunities among companies with proprietary cutting-edge software solutions able to enrich the group's offer. Moreover, potential targets could be identified among firms operating in one or more geographical areas not yet covered by Neosperience.
- Establishment of start-ups in selected niches: Neosperience has identified several promising industries where the Digital Customer Experience is a crucial competitive edge, such as Healthcare, Fintech, Insurtech, Legaltech, Sportech and Industry 4.0. The strategy is to establish business units dedicated to specific niches and consequently identify one or more partners with a strong know-how in those fields. Therefore, Neosperience will be providing its technological expertise, whereas its partners will be offering their commercial networking and sector-specific know-how. The final goal is to sell these start-ups in order to possibly generate a capital gain for Neosperience.

## GOVERNANCE

Shareholder	%
Neos S.r.l.*	39.01%
Lock-up Shares	6.18%
Free Float	54.81%
<b>Total</b>	<b>100.00%</b>

Source: Group website

\*Company 50% owned by Dario Melpignano, 24.81% by Luigi Linotto and 25.19% by Matteo Linotto.

## Key Managers

### DARIO MELPIGNANO - Founder, President and CEO

Formerly co-founder and administrator of DNМ, which became Inferentia DNМ and then FullSix: one of the biggest web agency in the 2000s in Europe.

Since 2007 he has dedicated himself to the realization of the Neosperience Cloud application platform - starting from the development of the first apps on the occasion of the launch of the iPhone 3G in Europe - a platform that has become the reference for the creation of omnichannel services that innovate the Digital Experience.

In 2016 he co-founded Neosurance, spinoff of Neosperience dedicated to the InsurTech sector, which became in less than a year the reference experience in innovation in the insurance world in Europe. In 2018 he undertakes an ambitious international development path realizing the evolution of technology, through artificial intelligence, towards empathy, allowing the Neosperience platform to be counted among the pioneers of AI, the only European reality, alongside giants such as Adobe, IBM and Microsoft.

### LUIGI LINOTTO - Founder and Executive Vice President

Graduated in Physics, is a founding partner of Neosperience in which he also serves as director since 2009. Designer of innovative business products for companies, he has over 30 years of experience in creating sales channels for the platforms on which Neosperience Cloud is based. Since 2017 he is the sole director of Neosperience Lab, a company of the Group responsible for the implementation of research and development projects with high technological value.

### LORENZO SCARAVELLI - Investor Relations and Corporate Development

He obtains a degree in Mechanical Engineering from the Polytechnic of Milan and then a Master in Business Administration from Bocconi University. He has been working for over 30 years in the financial sector, dealing with private equity, M&A and IPOs.

He has been director and auditor of several companies, including Italdesign-Giugiaro S.p.A., Graziano Trasmissioni S.p.A. and Gruppo Concorde S.p.A. Until 2013 he was Managing Partner of the international M&A boutique Cross Border S.r.l. Since 2014 he is partner of Neosperience.

In 2021 the Board of Directors decided to offer employees who had signed up for the previous 2020 Incentive Plan the option to sign up for the 2021 Incentive Plan (with an exercise price of Euro 5.32 p.s.), without prejudice to its duration of four years and the number of options assigned to each employee/collaborator.

Each employee/collaborator shall therefore be entitled to subscribe the shares assigned to him/her and vested during the 4 years following the start date (i.e., from 2021) of the Plan pertaining to him/her. The 2021 Incentive Plan is addressed to 107 employees and collaborators of the group in force at 1 January 2020, for a maximum number of 460,000 options.

## Board of Directors

- **Dario Melpignano** - Founder, President and CEO
- **Luigi Linotto** - Founder and Executive Vice President
- **Lorenzo Scaravelli** - Investor Relations and Corporate Development
- **Severino Meregalli** - Independent Director
- **Matteo Linotto** - Director
- **Laura Patrini** - Director

## FINANCIALS AND ESTIMATES

### Historical results overview

Over the 2017-2020 period the Neosperience group has managed to grow revenues at a notable +36% CAGR with revenues spiking to Euro 16.4 m in 2020, +17.3% YoY. Growth has been driven by a mix of organic growth and in particular from the increase in sales of SaaS solutions based on the Neosperience Cloud platform and external growth from the consolidation of the companies acquired in the 2017-20 (five acquisitions since IPO).

Over the same period EBITDA margin grew from 19.6% in FY17 to 24.7% in FY20 thanks to a progressively more favourable sales mix with higher weight of SaaS solutions, partially offset by an increase in SG&As, in particular in FY19, to strengthen the operational structure to adapt to being a listed Group. In FY20 EBITDA was Euro 4.8 m, +35% vs. FY19. Following the important investments made in R&D over the years, D&As represent an important item of the P&L totalling to Euro 4.0 m in FY20, of which Euro 3.9 m related to amortization. Average EBIT margin over the period was of 5.3% (4.2%, Euro 0.8 m in FY20).

On the asset side, Fixed assets reached Euro 18.9 m in FY20 of which Euro 17.4 m represented by intangible assets reflecting the investments made to develop the Neosperience cloud and solutions. Operating working capital was of Euro 4.4 m (Euro m in 1H21) and Net Debt stood at to Euro 5.4 m. Shareholders' equity stood at Euro 17.9 m from Euro 16.7 m in FY20. Regarding the Operating cash flow, increasing debt in years due to R&D activities, has generated an average growth of Euro 2.6 m (+60% CAGR) in the period observed.

### Key Financials – Euro /000

	1H21	1H20	FY20A	FY19A	FY18A
Net Sales	8.8	7.1	16.4	13.9	8.6
Yoy	+23%	+41%	+17%	+62%	+65%
<b>EBITDA</b>	<b>3.1</b>	<b>2.5</b>	<b>4.8</b>	<b>3.6</b>	<b>3.4</b>
% on sales	30.2%	27%	24.7%	20.4%	29%
<b>EBIT</b>	<b>1.2</b>	<b>0.7</b>	<b>0.8</b>	<b>1.1</b>	<b>0.6</b>
% on sales	11.6%	7.3%	4.2%	6.4%	7.0%
<b>Net Income</b>	<b>0.2</b>	<b>1.5</b>	<b>0.4</b>	<b>0.9</b>	<b>0.4</b>

	1H21	1H20	FY20A	FY19A	FY18A
<b>Fixed Assets</b>	<b>19.6</b>	<b>13.9</b>	<b>18.9</b>	<b>13.0</b>	<b>6.2</b>
<b>Net Working Capital</b>	<b>5.77</b>	<b>5.19</b>	<b>4.4</b>	<b>3.4</b>	<b>2.3</b>
Funds	(1.2)	(1.0)	(1.1)	(0.6)	(0.4)
<b>NET INVESTED CAPITAL</b>	<b>24.2</b>	<b>18.1</b>	<b>22.2</b>	<b>15.8</b>	<b>8.1</b>
Net Debt/(Cash)	(5.9)	(5.9)	(5.5)	(1.3)	(3.5)
Net Equity	18.3	12.2	16.7	18.3	4.6
<b>TOTAL SOURCES</b>	<b>24.2</b>	<b>18.1</b>	<b>22.2</b>	<b>11.0</b>	<b>8.1</b>

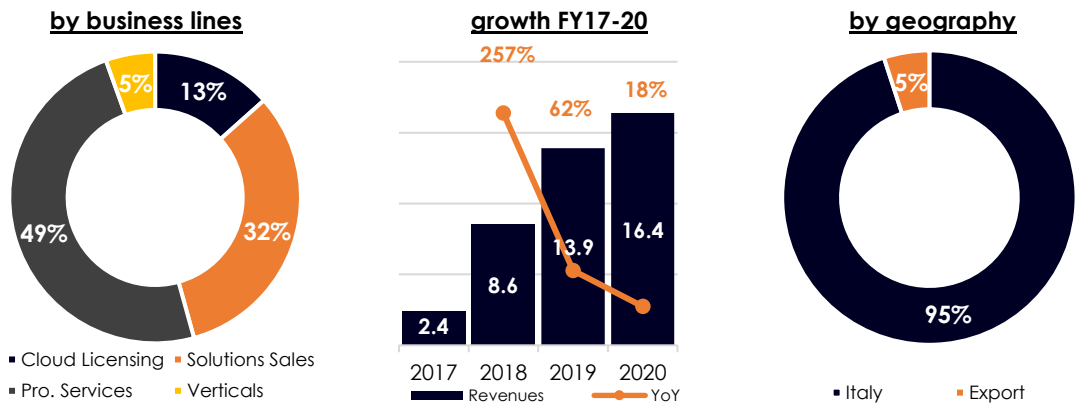
The Neosperience Group closed **1H21** with Net Revenues up 23.03% to Euro 8.8 m from Euro 7.1 m in 1H20. This growth was driven by a strong increase in cross-selling to the customer base as well as the launch of several AI-based solutions in the Fintech, Healthcare, Security & Safety sectors. EBITDA rising to Euro 3.1 m, up (+27.3%) from Euro 2.4 m at 1H20; the margin, calculated on the VoP, also rose from 27.4% (1H20) to 30.17% in 1H21.

EBIT increased significantly by 82.7% to Euro 1.2 m from Euro 0.7 m in 1H20, despite higher D&A resulting from the increase in intangible assets, which take into account the significant investments for the development of the Neosperience platforms. In terms of Net Profit, this rose to Euro 0.2 m (+24.5%) compared to Euro 0.2 m at 30 June 2020, representing 2.26% of the value of production.

In FY20, the Group closed the year with a Net financial position up to Euro 5.4 m. mainly as a result of the acquisitions made in 2020. Net Equity at the end of FY20, stood at Euro 0.8 m. On the asset side, Neosperience booked Euro 4.4 m of Operating working capital, Euro 0.3 m of other current assets (net of other current liabilities), and Euro 18.9 m of fixed assets.

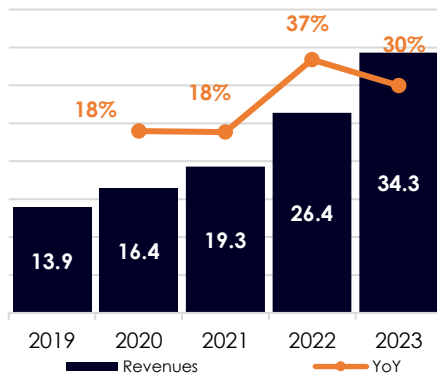
Shareholders' equity stood at Euro 17.9 m from Euro 16.7 m in FY20.

**Revenue breakdown**

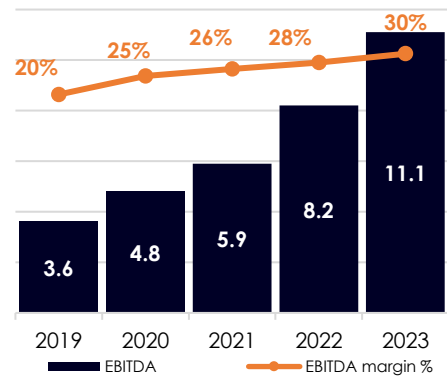


Source: Group presentation

**Revenue Evolution FY19-23**

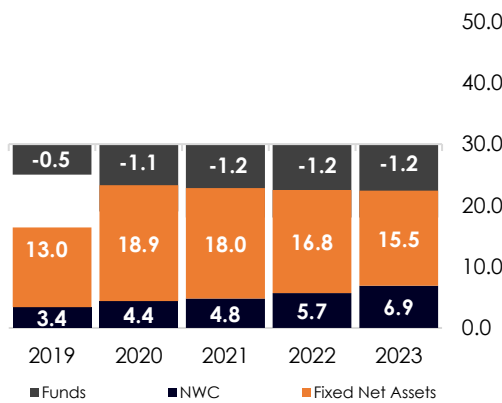


**EBITDA Evolution FY19-23**

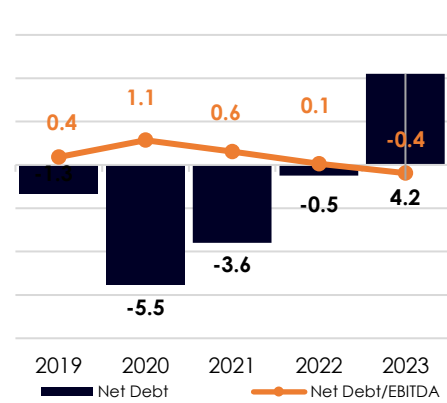


Source: Consolidated Group data for FY19-20, IR TOP Research estimates for FY21-23

**Assets Evolution FY19-23**



**Net Cash Evolution FY19-23**



Source: Consolidated Group data for FY19-20, IR TOP Research estimates for FY21-23

### 2021- 2023 Estimates

Our financial projections over the 2021-23 period consider Neosperience's business model and strategy, as well as growth expectations in the markets in which the Group operates. No impact from potential future M&As has been taken into account, we did however factor in the recent acquisition of Rhei, which we expect should enlarge Company's Portfolio and to strengthen the group's offer.

The Company should hence continue to perform above expected market growth rates as it is well positioned to compete in the market thanks to its high level of professional expertise and constant investments in R&D, key growth drivers in this market. Starting from the top line, we forecast revenues growing at a CAGR20A-23E of 28%, Euro 44.6 m in FY24. Other assumptions to our estimates are:

- Based on 1H21 results, we expect a slightly increase of Euro 10 m growth on Net Sales in 2H21, to reach Euro 19.3 m forecasted for FY21.
- EBITDA should grow at a 2020-2023 CAGR of 32% and an increase in EBITDA margin by 510 bps, thanks to operational leverage (fixed costs spread over higher sales volumes) and a better business mix, including higher weight of cloud licensing and solutions sales (consolidated revenues should show a +28% CAGR 2020-2023);
- The impact of services costs (+26%), personnel costs (+16%) and other operating expenses are expected to grow in the 2020-2023 period analysed;
- D&A are seen broadly stable in the next three years on the back of the massive investment recently made with the aim of developing the Neosperience Cloud platform coupled with the continuous planned developments in order to constantly upgrade the platform.
- Over the 2020-2023 period, we forecasts cumulated capex of Euro 16 m, entirely related to the capitalisation of development costs due to platform evolutions and R&D costs (mainly Neosperience Tourism Cloud & Neosperience Health Cloud).
- Working capital: we see a slight improvement in DSOs, as a result of the increasing sales of SaaS solutions, characterised by recurring fees. DPOs are assumed to remain stable at 2019/2020 average;
- Our estimates include the last M&A activity, the acquisition of Rhei, a domestic software company specialised in developing Customer Relationship Management solutions.

### Key Financials – Euro k

Income Statement	2020A	2021E	2022E	2023E
Sales	16,367	19,313	26,391	34,309
R&D capitalised costs	2,176	2,000	2,000	2,000
Other revenues	1,009	1,060	1,000	1,000
<b>Revenues</b>	<b>19,552</b>	<b>22,373</b>	<b>29,391</b>	<b>37,309</b>
yoy	+12%	+14%	+31%	+27%
Operating costs	(14,722)	(16,494)	(21,227)	(26,199)
<b>EBITDA</b>	<b>4,831</b>	<b>5,879</b>	<b>8,164</b>	<b>11,109</b>
margin %	24.7%	26.3%	27.8%	29.8%
D&A	(4,015)	(4,100)	(4,200)	(4,300)
<b>EBIT</b>	<b>816</b>	<b>1,779</b>	<b>3,964</b>	<b>6,809</b>
margin %	4%	8%	13%	18%
Other items	214	-	-	-
Financial Income (Charges)	(104)	(200)	(200)	(200)
<b>EBT</b>	<b>926</b>	<b>1,579</b>	<b>3,764</b>	<b>6,609</b>
Taxes	(514)	(395)	(941)	(1,983)
<b>Net profit (loss)</b>	<b>412</b>	<b>1,184</b>	<b>2,823</b>	<b>4,627</b>
<b>Total Net profit (loss)</b>	<b>412</b>	<b>1,184</b>	<b>2,823</b>	<b>4,627</b>
margin %	2%	5%	10%	12%

Source: Consolidated Management accounts still for FY19-20 and IR Top estimates for FY21E-23E.



<b>Balance Sheet</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Fixed Net Assets	18,981	17,882	16,682	15,505
Net Working Capital	4,388	4,817	5,740	6,946
Funds	(1,1)	(1,2)	(1,2)	(1,2)
<b>Net Invested Capital</b>	<b>22,264</b>	<b>21,527</b>	<b>21,372</b>	<b>21,279</b>
Net Financial Position	5.5	3.5	0.5	(4,213)
Equity	16,737	18,011	20,865	25,492
<b>Sources</b>	<b>22,264</b>	<b>21,527</b>	<b>21,372</b>	<b>21,279</b>

Source: Consolidated Management accounts still for FY19-20 and IR Top estimates for FY21E-23E.

## VALUATION

We Initiate coverage on Neosperience, with a target price of Euro 11.66 p.s.. The valuation was obtained by weighting equally a DCF and the multiple comparison analysis.

- EV/EBITDA and P/E 2021-2022 multiples for two different peer groups: i) international industry peers on which applying a 25% size and liquidity discount, and ii) EGM listed peers (no discount). This method returned a valuation of Euro 12.37 ps;
- DCF analysis, based on WACC of 7.8% and 1% perpetual growth, returns a value of 10.95 ps.

The average of the two methods yields a fair value of Euro 11.66 ps or an equity value of Euro 101,7 m. At our target price the stock would be trading at a FY 21-22 EV/EBITDA multiples of 16.3x and 11.7x respectively and FY 21-22 P/E multiples of 83x and 33.9x respectively.

## Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 21/22 Technology (@ 25% discount) and EGM Peers	50%	12.37	107.8
DCF (WACC 7.8% and g 1.0%)	50%	10.95	95.5
<b>Target Price</b>	<b>100%</b>	<b>11.66</b>	<b>101.7</b>

Implicit multiples @ FV	EV/EBITDA	EV/EBIT	P/E
2020A	10.6	55.6	151.7
2021E	16.3	55.1	83.0
2022E	11.7	24.2	33.9
2023E	8.6	14.1	20.7

## Multiples Comparison

We chose a peer group made up of 11 international companies active in Neosperience's reference market for our multiple analysis. We have summarized the main characteristics of the peers in the table below. As can be seen the sizes of the selected companies vary (with market caps ranging from c. Euro 87.7 m to c. Euro 207 b), along with their growth prospects through 2023 (3-29% 20-23 CAGR). To account on the one hand for the larger size and higher liquidity of peers while on the other Neosperience's higher than average expected growth rates and margins we applied a 25% discount on peers' multiples to obtain our valuation.

In addition, we have considered a little group of 5 companies listed on the same market segment, Euronext Growth Milan, that are pretty similar in terms of business model, even though their core business is a slightly different.

International Peers	Market Cap	Price	Sales 2021E	EBITDA 2021E %	2020A-2023E CAGR			
					Sales	EBITDA %	EBIT %	Net Income
Adobe Inc.	207,814.9	440.6	13,960.4	38.8%	16.9%	26.1%	30.2%	13.5%
Salesforce.Com Inc.	189,786.3	192.7	23,267.5	20.5%	21.3%	38.5%	159.9%	14.7%
Gartner Inc.	19,936.8	242.4	4,121.9	18.5%	13.1%	16.0%	24.8%	36.1%
Digital360	87.7	4.6	35.4	20.6%	25.7%	25.7%	33.1%	53.9%
SALTLUX	120.8	11.8	n.a.	6.2%	n.a.	n.a.	n.a.	n.a.
Hubspot	17,808.6	376.9	1,135.5	-1.3%	33.3%	187.0%	62.9%	29.1%
IFCA MSC	39.7	0.1	n.a.	19.2%	n.a.	n.a.	n.a.	n.a.
Reply SpA	5,813.7	155.4	1,477.7	15.1%	14.5%	19.3%	22.0%	15.6%
Entersoft	162.6	5.4	n.a.	33.5%	n.a.	n.a.	n.a.	n.a.
Appier Group, Inc.	813.4	8.0	95.6	-12.9%	29.8%	-0.8%	-36.5%	-38.2%
Sidetrade SA	225.5	157.0	33.1	7.8%	18.2%	38.1%	41.0%	6.7%
Sema4 Holdings Corp	677.7	2.8	179.5	n.a.	n.a.	771.8%	849.7%	871.5%
Sikri Holding AS	182.6	9.7	58.8	21.8%	n.a.	95.1%	93.2%	70.3%
<b>Average</b>	<b>44,238</b>	<b>144</b>	<b>6,299</b>	<b>15%</b>	<b>21.6%</b>	<b>124.6%</b>	<b>131.9%</b>	<b>111.4%</b>
<b>NEOSPERIENCE</b>	<b>46.89</b>	<b>5.44</b>	<b>19,313</b>	<b>26.3%</b>	<b>27.98%</b>	<b>31.99%</b>	<b>102.84%</b>	<b>123.95%</b>

Source: FactSet data as of January, 24<sup>th</sup> 2022

International Peers	EV/EBITDA			EV/EBIT			P/E		
	20A	21E	22E	20A	21E	22E	20A	21E	22E
Adobe Inc.	46.8	40.7	27.5	55.8	44.3	29.8	44.0	40.1	36.3
Salesforce.Com Inc.	33.4	26.7	22.0	484.1	43.5	33.6	51.5	46.6	46.0
Gartner Inc.	32.8	25.0	25.3	55.0	31.9	34.0	54.1	31.7	38.6
Digital360	16.8	12.2	9.4	30.5	20.0	15.4	29.8	28.8	23.9
SALTLUX	85.3	n.a.	n.a.	353.4	n.a.	n.a.	323.6	n.a.	n.a.
Hubspot	-4325.8	188.8	93.2	-388.6	264.4	126.9	324.0	241.0	180.0
IFCA MSC	7.1	n.a.	n.a.	11.2	n.a.	n.a.	28.6	n.a.	n.a.
Reply SpA	26.9	25.5	19.6	38.5	31.4	23.8	28.8	38.7	34.2
Entersoft	26.8	n.a.	n.a.	37.6	n.a.	n.a.	21.8	n.a.	n.a.
Appier Group, Inc.	-82.4	n.a.	517.7	-53.4	n.a.	n.a.	n.a.	n.a.	n.a.
Sidetrade SA	49.4	n.a.	n.a.	119.9	n.a.	n.a.	49.1	66.7	84.2
Sema4 Holdings Corp	-1657.8	n.a.	n.a.	-1545.6	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Average</b>	<b>-478.4</b>	<b>53.1</b>	<b>102.1</b>	<b>-66.8</b>	<b>72.6</b>	<b>43.9</b>	<b>95.5</b>	<b>70.5</b>	<b>63.3</b>
<b>NEOSPERIENCE</b>	<b>10.62</b>	<b>16.29</b>	<b>11.73</b>	<b>55.60</b>	<b>37.67</b>	<b>31.71</b>	<b>151.72</b>	<b>83.04</b>	<b>33.93</b>
Premium/Discount to Peers	<b>-102.2%</b>	<b>-69.3%</b>	<b>-88.5%</b>	<b>n.a.</b>	<b>-48.1%</b>	<b>-27.8%</b>	<b>58.8%</b>	<b>17.8%</b>	<b>-46.4%</b>

Source: FactSet data as of January, 24<sup>th</sup> 2022

EGM Peers	Ticker	Sales 2021E	EBITDA 2021E %	2020A-2023E CAGR			
				Sales	EBITDA %	EBIT %	Net Income
Doxee	DOX-IT	24.9	24.5%	13.0%	23.4%	32.3%	43.2%
Expert.ai	EXAI-IT	34.5	-12.6%	34.7%	-232.5%	-27.0%	-2.7%
Relatech	RLT-IT	35.0	12.2%	31.0%	72.6%	113.4%	46.4%
Defence Tech Holding SpA	DTH-IT	20.0	7.1%	18.6%	109.2%	118.3%	88.5%
Almawave SpA	AIW-IT	32.6	20.1%	23.1%	30.5%	38.3%	54.9%
<b>Average</b>		<b>29</b>	<b>10%</b>	<b>24.1%</b>	<b>0.7%</b>	<b>55.1%</b>	<b>46.0%</b>
<b>NEOSPERIENCE</b>		<b>19,313</b>	<b>26.3%</b>	<b>27.98%</b>	<b>31.99%</b>	<b>102.84%</b>	<b>123.95%</b>

Source: FactSet data as of January, 24<sup>th</sup> 202

EGM Peers	EV/EBITDA			EV/EBIT			P/E		
	20A	21E	22E	20A	21E	22E	20A	21E	22E
Doxee	19.3	15.2	11.3	36.5	26.1	17.7	52.8	33.8	25.7
Expert.ai	-29.4	n.a.	n.a.	-9.2	n.a.	n.a.	n.a.	n.a.	n.a.
Relatech	19.6	11.0	8.4	90.0	14.9	11.2	30.2	18.5	16.0
Defence Tech Holding SpA	113.8	16.9	11.5	161.2	23.6	13.8	n.a.	42.1	29.7
Almawave SpA	20.4	n.a.	n.a.	44.1	24.0	22.3	86.5	43.9	36.3
<b>Average</b>	<b>28.7</b>	<b>14.3</b>	<b>10.4</b>	<b>64.5</b>	<b>22.1</b>	<b>16.2</b>	<b>56.5</b>	<b>34.6</b>	<b>26.9</b>
<b>NEOSPERIENCE</b>	<b>10.62</b>	<b>15.00</b>	<b>10.80</b>	<b>55.60</b>	<b>37.67</b>	<b>31.71</b>	<b>151.72</b>	<b>76.43</b>	<b>31.23</b>
Premium/Discount to Peers	<b>-63.0%</b>	<b>4.7%</b>	<b>4.0%</b>	<b>-13.8%</b>	<b>70.2%</b>	<b>95.4%</b>	<b>168.5%</b>	<b>121.1%</b>	<b>16.0%</b>

Source: FactSet data as of January 24<sup>th</sup>, 2021

## PEERS DESCRIPTION

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**Adobe, Inc.** engages in the provision of digital marketing and media solutions. It operates through the following segments: Digital Media, Digital Experience, and Publishing. The Digital Media segment offers creative cloud services, which allow members to download and install the latest versions of products, such as Adobe Photoshop, Adobe Illustrator, Adobe Premiere Pro, Adobe Photoshop Lightroom and Adobe InDesign, as well as utilize other tools, such as Adobe Acrobat. The Digital Experience segment provides solutions, including analytics, social marketing, targeting, media optimization, digital experience management, and cross-channel campaign management, as well as premium video delivery and monetization. The Publishing segment includes legacy products and services for eLearning solutions, technical document publishing, web application development, and high-end printing.

**Salesforce.com, Inc.** engages in the design and development of cloud-based enterprise software for customer relationship management. Its solutions include sales force automation, customer service and support, marketing automation, digital commerce, community management, collaboration, industry-specific solutions, and salesforce platform. The firm also provides guidance, support, training, and advisory services.

**Gartner, Inc.** is a research and advisory company, which delivers technology-related insights to its clients to make right decisions. It operates through the following segments: Research, Consulting and Conferences. The Research segment gives advice on the mission-critical priorities of leaders. The Consulting segment offers customized solutions to unique client needs through on-site, day-to-day support, and proprietary tools for measuring and improving IT performance. The Conferences segment offers business professionals the opportunity to learn, share, and network through conferences and peer-driven sessions. The company was founded by Gideon I. Gartner and Dave L. R. Stein in 1979 and is headquartered in Stamford, CT.

**SALT LUX Inc.** engages in the development, manufacture, supply, and sale of computer hardware and software. The company's products include search and discovery, semantic business, and bigdata analysis platform. It also provides information processing consultation, data processing, database business, and information and communication business services. The company was founded on August 17, 1981 and is headquartered in Seoul, Korea

**HubSpot, Inc.** develops Internet marketing software solutions. The firm operates through the following geographical segments: Americas, Europe and Asia Pacific. The company was founded by Brian Patrick Halligan and Dharmesh Shah on April 4, 2005 and is headquartered in Cambridge, MA.

**IFCA MSC Bhd.** is a business software solution company, which engages in the business of research and development of enterprise-wide business solutions. The company operates through the following segments: Software Application and Royalty Income; Hardware, Networking, and Operating Systems; and Maintenance, Support System, Training, and Implementation. It offers general and industry solutions. The company was founded by Yong Keang Cheun in 1987 and is headquartered in Petaling Jaya, Malaysia.

**Reply SpA** engages on conception, design and development of 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. The firm also offers consultancy, system integration and application management and business process outsourcing. The company was founded by Mario Rizzante and Oscar Pepino in June 1996 and is headquartered in Turin, Italy.

**Entersoft SA** engages in the provision of business software and services. It operates through the following segments: Development and Sale of Software Programs; Provision of Advisory Services on Software Organization Issues; and Provision of Services Through Internet. The firm offers a range of products with ERP, CRM, Retail, Mobile, WMS, xVan, and B.I. applications. The company was founded by Antonis Kotzamanidis and Aikaterini Christou Papachristopoulou on August 5, 2002 and is headquartered in Athens, Greece.

**Appier Group, Inc.** provides an AI (Artificial Intelligence) platform that enables enterprise data to realize its true value in the fields of marketing and sales through AI technology that utilizes state-of-the-art machine learning. Its operations are carried out through the following divisions: AIDEAL,

AIQUA, AIXON and CrossX. The company was founded by Chih-Han Yu, Wan-Ling Winnie Lee and Chia-Yung Su on June 8, 2012 and is headquartered in Tokyo, Japan.

**SideTrade SA** engages in the development and provision of artificial intelligence in the cloud solutions. Its solutions include Augmented Cash, Augmented Revenue, and Professional Services. It offers its products to the construction and mining, financial services, life sciences, retail, manufacturing, and transport and logistics industries. The company was founded by Olivier Claude Fradic Novasque in 2000 and is headquartered in Boulogne-Billancourt, France.

**Sema4 Holdings Corp.** is a patient centered health intelligence company. It engages in transforming healthcare by applying AI and machine learning to multidimensional, longitudinal clinical and genomic data to build dynamic models of human health and defining optimal, individualized health trajectories. The firm through its Centrellis health intelligence platform enables to generate a more complete understanding of disease and wellness and to provide science-driven solutions to the most pressing medical needs. The company was founded by Eric Schadt in 2016 and is headquartered in Stamford, CT.

**Sikri Holding AS** is a software company that specializes in delivering digital solutions to the public sector. It engages in the owning, investing, and trading of other companies, through its subsidiaries, it manages and archives documents providing the software platforms Elements, ePhorte, ESA and eByggesak; and provides consulting and other related software solutions. The company was founded on October 28, 2019 and is headquartered in Lysaker, Norway.

#### **Italian Peers**

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**Almawave SpA** develops software technologies for artificial intelligence, natural language analysis, and big data management. The firm owns and distributes patented technologies which offer solutions for text and speech analytics, knowledge management, multi-channel contact management and virtual agent, and customer experience management under the platform brands Iride and Audioma. Its software products also feature automatic speech recognition under its platform brands Audioma, FlyScribe, and Verbamatic. The company was founded on October 31, 2006 and is headquartered in Rome, Italy.

**Doxee SpA** provides information technology solutions for customer communications management and digital customer experience business systems. It operates through the following product lines: Document Experience, Paperless Experience, and Interactive Experience. The Document Experience product line produces and distributes digital document storage systems. The Paperless Experience product line focuses on the electronic billing, digital archiving, and electronic ordering systems. The Interactive Experience product line develops interactive micro websites under the Doxee Pweb brand and customized videos, under the Doxee Pvideo brand. The company was founded by Sergio Muratori Casali and Paolo Cavicchioli on March 26, 2001 and is headquartered in Modena, Italy.

**Expert.ai SpA** engages in the development of semantic technology. It engages in the provision of solutions for online activities such as search and explore, tagging and categorization, intelligence, natural language understanding and advertisement. The company was founded by Stefano Spaggiari, Marco Varone and Paolo Lombardi in 1989 and is headquartered in Modena, Italy.

**Relatech SpA** engages in the provision of digital solutions. The firm offers services/solutions on the RePlatform cloud-based platform in the Cloud areas (hybrid, public and private), AI, Blockchain, IoT, Cybersecurity, Virtual & Augmented Reality. The company was founded by Pasquale Lambardi in 2001 and is headquartered in Milan, Italy.

**Defence Tech Holding SpA** engages in the design, construction, and certification of cyber security, big data, and intelligence systems. It operates through the following macro business areas: Cyber Security and Technologies for Intelligence, Engineering and Control Systems, and Electronics. The Cyber Security and Technologies for Intelligence area involves in a set of activities aimed at the prevention and protection of public and private infrastructures from sophisticated cyber attacks and at the development of strategies such as decision-making and marketing based on big data through the use of proprietary technologies for data analytics and data intelligence.

## NEOSPERIENCE ON EURONEXT GROWTH MILAN

### IPO

Trading Market: Euronext Growth Milan  
Date: February 20<sup>th</sup>, 2019  
Price: Euro 3,42  
Capital raised: Euro 4,1 m  
Capitalisation: Euro 22,11 m

### SHARES (as of January 24<sup>th</sup>, 2022)

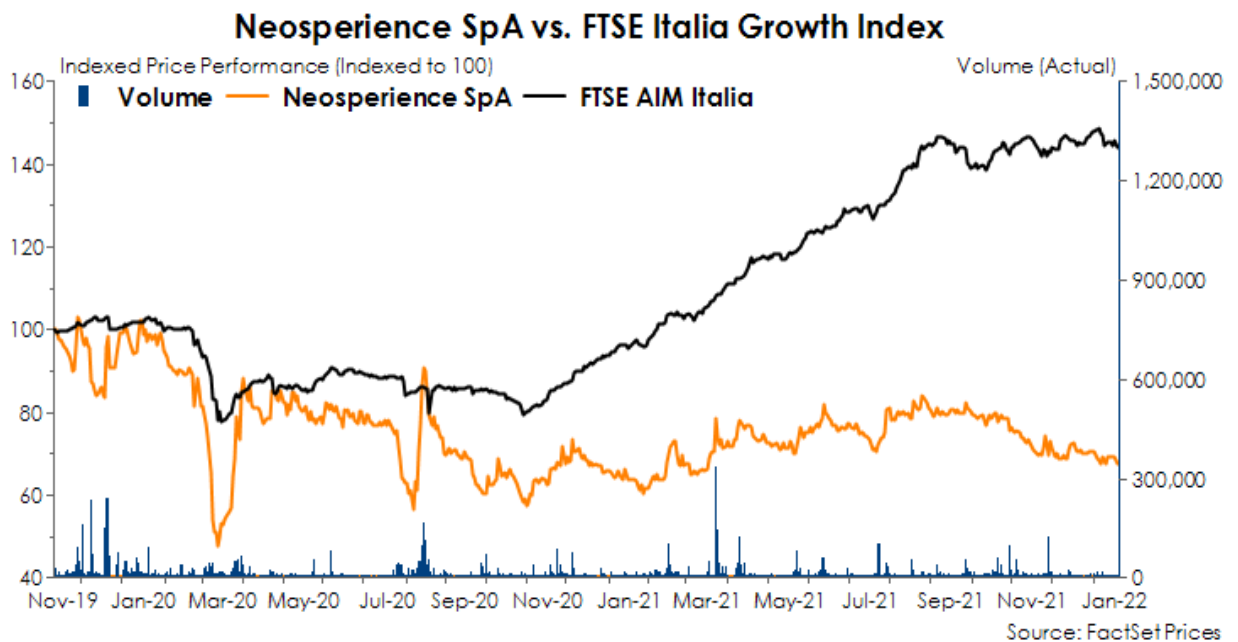
Code: NSP  
Bloomberg: NSP:IM  
Reuters: NSP.MI  
ISIN: IT0005351496  
Shares: 8.722.161  
Price: Euro 5.44  
Performance from IPO: +59%  
Capitalisation: Euro 46.89 m  
Free Float: 54.81%  
EGA: CFO Sim  
Auditing firm: BDO Italia SpA

Shareholder	%
Neos S.r.l.*	39.01%
Lock-up Shares	6.18%
Free Float	54.81%
<b>Total</b>	<b>100.00%</b>

Source: Group website

\*Company 50% owned by Dario Melpignano, 24.81% by Luigi Linotto and 25.19% by Matteo Linotto.

## STOCK PERFORMANCE



**DISCLAIMER**

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Edoardo Fumagalli (Analyst, AIAF Associated)

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