

Italy – Digital Innovation

Focus on recovering thanks to exciting growth opportunities

19<sup>th</sup> April 2024

FY-23 RESULTS RELEASE

RIC: NSP.MI  
BBG: NSP IM

2023 results exhibited almost unchanged top line, below both our estimate as well as the company's Business Plan approved in May-23, expected to be updated in the foreseeable future. In 2024, Neosperience is eager to seize the endless market opportunities opened up by the recent advent of generative AI. The listing of Neosperience Health (expected within the year) and the execution of the M&A pipeline could provide further upside.

Rating:

**Buy**

Price Target:

**€ 2.30 (€ 2.80)**

Upside/(Downside): 28.1%

Last Price: € 1.80

Market Cap.: € 37.4m

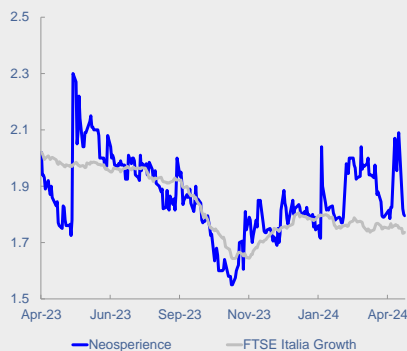
1Y High/Low: € 2.46 / € 1.51

Avg. Daily Turn. (3M, 6M): € 304k, € 213k

Free Float: 56.9%

Major shareholders:

Neos Srl 34.4%  
RH Tech Consulting Srl 11.8%



Stock price performance

	1M	3M	12M
<b>Absolute</b>	-4.0%	0.3%	-7.5%
<b>Rel.to FTSE IT Growth</b>	-2.2%	2.8%	6.0%
<b>Rel.to Sector</b>	3.4%	3.2%	-20.4%

Analysts:

Gianluca Mozzali  
+39 02 30343 396  
gianluca.mozzali@cfosim.com

Luca Solari  
+39 02 30343 397  
luca.solari@cfosim.com

**Estimates revised downwards. New DCF-based PT at € 2.30/s (€ 2.80). Buy confirmed**

Following the FY-23 results release, we have updated our model factoring-in: 1) a lower than previously expected revenues progression 2) a fine-tuning of interest expense to reflect the credit lines recently secured to fund growth projects, and 3) an upward revision of Capex. The combined result is an average 17.4% and 27.0% decline in Revenues and EBITDA, as well as a corresponding 69.5% increase in NFP in 2024-25. Moreover, we have introduced 2026 estimates. CFO SIM has also updated the DCF valuation criteria, bringing the risk-free rate up-to-date and postponing the first valuation projection to 2024. New DCF-based PT for NSP at € 2.30/s (€ 2.80), 28.1% upside to current price levels. Buy confirmed.

**Revenues broadly unchanged YoY, below both our estimate and the BP's target**

Revenues totalled € 21.2m, broadly unchanged YoY, albeit came in lower compared to both our estimate (€ 24.0m) and the 2023 target set in the Business Plan (€ 24.1m), as a result of an uncertain macroeconomic scenario combined with higher interest rates that led Neosperience's customers to postpone the investments into technological advancement and digitisation of processes. Value of Production came in at € 26.1m, up by 3.3% YoY, in light of a € 4.7m increase in internally-constructed fixed assets associated with the development of brand-new features to further improve Neosperience Cloud.

**EBITDA at € 4.5m, 21.5% margin. Net Profit at € 0.2m, hit by higher financial charges**

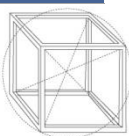
EBITDA came in sharply lower YoY at € 4.5m, 21.5% margin (€ 6.4m, 30.6% margin, in FY-22), as a consequence of higher operating costs as well as the adverse impact of an extraordinary adjustment related to the voluntary return of a 2019 R&D tax credit, amounting to € 521k. EBITDA came in below both our estimate along with the € 7.8m target set in the Business Plan, primarily reflecting lower-than-expected sales volumes. Adjusted EBITDA was € 5.1m, 24.0% margin. EBIT was € 1.4m, 6.8% margin, fairly aligned with € 1.5m, 7.2% margin, posted in FY-22, after D&A expenses equal to € 3.1m, well below our expectations of € 5.5m due to a combination of lower-than-expected capitalised R&D costs as well as the decision to make use of the option to suspend the amortisation of certain NH's intangible assets. Net Profit was € 0.2m, 0.8% margin, and came in significantly lower compared to € 0.7m, 3.2% margin, in FY-22, resulting from an almost unchanged EBIT and a combination of higher financial charges, almost doubled YoY, and tax expenses.

**NFP reached € 14.4m due to Op. CF of € 1.6m absorbed by Net Investments of € 6.5m**

Net Financial Position stood at € 14.4m, compared to € 11.6m at year-end 2022, and slightly higher compared to our € 13.8m estimate, as a result of an Op. CF of € 1.6m, affected to a certain extent by unfavourable NWC dynamics, but more than offset by Net Investments of € 6.5m (vs our estimate of € 8.5m). Almost the entire amount of Capex was ascribable to the capitalisation of R&D costs aimed at empowering Neosperience's proprietary platform.

Neosperience, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Revenues	21.0	21.2	24.5	29.7	35.2
Value of Production	25.2	26.1	28.2	33.1	38.1
EBITDA	6.4	4.5	6.7	8.8	10.7
EBIT	1.5	1.4	1.7	4.0	5.9
Net Profit	0.7	0.2	0.5	2.1	3.5
NFP (cash)/debt	11.6	14.4	13.7	13.1	10.0
EBITDA margin	30.6%	21.5%	27.5%	29.8%	30.4%
EBIT margin	7.2%	6.8%	7.1%	13.4%	16.7%
EPS stated FD €	0.04	0.01	0.02	0.10	0.17
EPS growth	-48.3%	-77.3%	n.m.	n.m.	66.6%
ROCE	3.0%	2.7%	2.9%	6.0%	8.3%
NWC/Sales	27.5%	34.2%	28.0%	28.0%	27.4%
Free Cash Flow Yield	-16.2%	-13.1%	1.9%	1.4%	8.3%
PER x	53.4	n.m.	78.0	17.9	10.7
EV/Sales x	2.28	2.45	2.09	1.70	1.35
EV/EBITDA x	7.4	10.2	7.6	5.7	4.4
EV/EBIT x	31.7	35.9	29.3	12.7	8.1

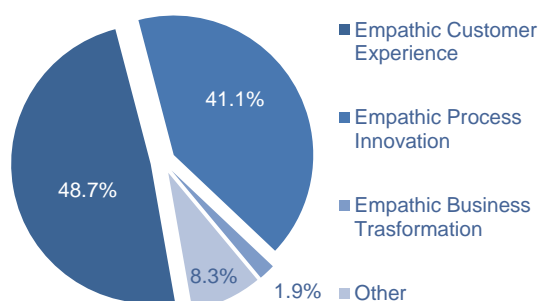


## The company at a glance

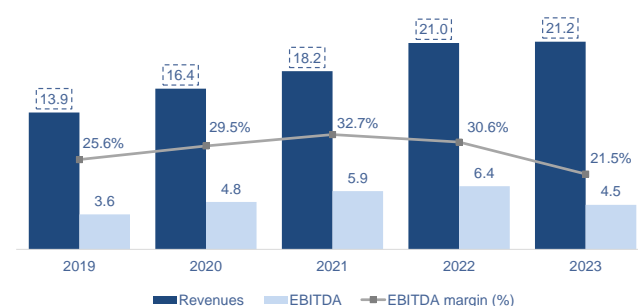
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app development, the group internally designed Neosperience Cloud, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new customers and increase the value of existing ones. Neosperience's 'empathy in technology' vision perfectly explains the distinctiveness 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 customers with a customised and optimised experience based on their personality.

The company reported a 26.2% Sales CAGR<sub>16-23</sub> mainly driven by the increase in sales of solutions based on its proprietary Neosperience Cloud platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena. FY-23 figures exhibited Revenues of € 21.2m, EBITDA of € 4.5m, 21.5% margin and Net Profit of € 0.2m. Net Financial Position was € 14.4m, corresponding to 3.2x NFP/EBITDA.

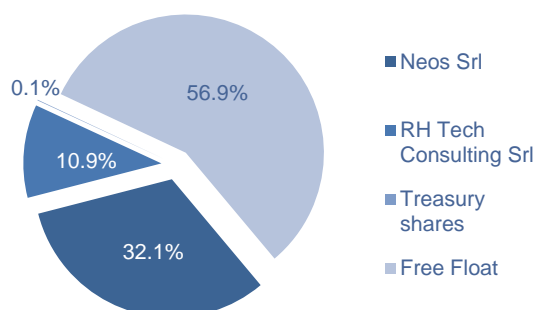
### 2023 Revenues breakdown by business lines



### 2019-23 Revenues and EBITDA evolution



### Shareholder structure



### Peer group absolute performance

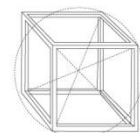
%	1D	1W	1M	3M	6M	YTD
Accenture PLC	0.5	(2.8)	(8.4)	(12.1)	4.3	(9.9)
Adobe Inc	(0.3)	(2.3)	(7.4)	(20.3)	(14.9)	(20.7)
Alkemy SpA	(1.8)	(9.4)	(12.3)	15.9	48.3	20.2
dotDigital Group PLC	0.6	3.5	8.9	(7.3)	25.3	(3.8)
Gartner Inc	0.1	(5.3)	(6.9)	(2.9)	27.4	(0.3)
Growens SpA	0.0	(0.3)	9.3	23.3	0.0	23.3
HubSpot Inc	2.5	(4.8)	4.7	13.2	46.0	11.9
Maps SpA	3.0	(3.3)	(20.1)	(21.5)	(6.7)	(23.7)
Reply SpA	(0.5)	(3.3)	(5.9)	1.1	39.5	3.2
Salesforce Inc	(1.6)	(9.1)	(11.8)	(0.9)	30.5	3.3
TechTarget Inc	(0.7)	(6.4)	(16.4)	(15.9)	(0.5)	(21.8)
<b>Median</b>	<b>0.0</b>	<b>(3.3)</b>	<b>(7.4)</b>	<b>(2.9)</b>	<b>25.3</b>	<b>(0.3)</b>
<b>Neosperience SpA</b>	<b>(0.3)</b>	<b>(12.4)</b>	<b>(4.0)</b>	<b>0.3</b>	<b>9.5</b>	<b>(1.4)</b>

Source: Refinitiv Eikon

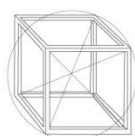
### Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	3.20	2.98	17.2	15.7	20.7	19.0	27.6	25.8
Adobe Inc	9.79	8.62	20.2	17.9	21.5	18.8	26.3	23.6
Alkemy SpA	0.70	0.60	6.1	5.1	9.0	6.9	10.1	8.1
dotDigital Group PLC	3.55	3.22	11.6	10.5	18.2	16.0	21.4	19.9
Gartner Inc	5.72	5.24	23.9	21.9	30.2	26.7	38.8	34.8
Growens SpA	0.90	0.87	n.m.	65.4	n.m.	n.m.	n.m.	n.m.
HubSpot Inc	12.41	10.33	66.3	52.0	77.4	61.0	89.2	72.7
Maps SpA	1.34	1.12	6.0	4.6	11.8	8.2	11.8	8.8
Reply SpA	1.87	1.65	11.7	10.3	14.2	12.3	21.7	19.3
Salesforce Inc	6.56	5.59	15.7	13.8	20.2	16.8	27.6	23.7
TechTarget Inc	4.01	3.37	12.8	10.2	15.6	12.1	14.1	12.8
<b>Median</b>	<b>3.55</b>	<b>3.22</b>	<b>14.2</b>	<b>13.8</b>	<b>19.2</b>	<b>16.4</b>	<b>24.0</b>	<b>21.8</b>
<b>Neosperience SpA</b>	<b>2.09</b>	<b>1.70</b>	<b>7.6</b>	<b>5.7</b>	<b>29.3</b>	<b>12.7</b>	<b>78.0</b>	<b>17.9</b>

Source: CFO SIM, Refinitiv Eikon



<b>Income statement (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Revenues	21.0	21.2	24.5	29.7	35.2
Value of Production	25.2	26.1	28.2	33.1	38.1
Raw material and processing	(0.4)	(0.5)	(0.4)	(0.4)	(0.5)
Services	(8.4)	(10.2)	(9.7)	(11.4)	(13.4)
Personnel expenses	(8.9)	(9.8)	(10.4)	(11.1)	(12.0)
Other opex	(1.1)	(1.0)	(1.1)	(1.3)	(1.5)
EBITDA	6.4	4.5	6.7	8.8	10.7
D&A	(4.9)	(3.1)	(5.0)	(4.9)	(4.8)
EBIT	1.5	1.4	1.7	4.0	5.9
Financials	(0.4)	(0.6)	(1.0)	(0.9)	(0.8)
Re/(Devaluation) of financial assets	(0.0)	(0.2)	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.1	0.6	0.7	3.1	5.1
Income taxes	(0.2)	(0.4)	(0.2)	(0.9)	(1.5)
Minorities	(0.2)	(0.0)	(0.0)	(0.1)	(0.1)
Net Profit	0.7	0.2	0.5	2.1	3.5
EBITDA Adjusted	6.4	5.1	6.7	8.8	10.7
Net Profit Adjusted	0.7	0.2	0.5	2.1	3.5
<b>Balance sheet (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Net Working Capital	7.0	8.9	7.9	9.2	10.4
Net Fixed Assets	37.5	42.5	43.5	44.1	43.8
Equity Investments	1.0	0.7	0.7	0.7	0.7
Other M/L Term A/L	(1.4)	(3.1)	(3.3)	(3.7)	(4.1)
Net Invested Capital	44.1	49.0	48.8	50.4	50.9
Net Financial Debt	11.6	14.4	13.7	13.1	10.0
Minorities	4.1	1.8	1.8	1.9	1.9
Group's Shareholders Equity	28.4	32.9	33.3	35.4	38.9
Financial Liabilities & Equity	44.1	49.0	48.8	50.4	50.9
<b>Cash Flow statement (€ m)</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Total net income	0.9	0.2	0.5	2.1	3.5
Depreciation	4.9	3.1	5.0	4.9	4.8
Other non-cash charges	2.1	0.3	0.2	0.4	0.4
Cash Flow from Oper. (CFO)	7.9	3.6	5.7	7.4	8.8
Change in NWC	(1.5)	(2.0)	1.0	(1.3)	(1.2)
FCF from Operations (FCFO)	6.4	1.6	6.7	6.0	7.6
Net Investments (CFI)	(12.5)	(6.5)	(6.0)	(5.5)	(4.5)
Free CF to the Firm (FCFF)	(6.1)	(4.9)	0.7	0.5	3.1
CF from financials (CFF)	1.2	3.7	5.0	5.0	0.0
Free Cash Flow to Equity (FCFE)	(4.9)	(1.2)	5.7	5.5	3.1
<b>Financial ratios</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
EBITDA margin	30.6%	21.5%	27.5%	29.8%	30.4%
EBIT margin	7.2%	6.8%	7.1%	13.4%	16.7%
Net profit margin	3.2%	0.8%	2.0%	7.1%	9.9%
Tax rate	21.4%	68.7%	30.0%	30.0%	30.0%
Op NWC/Sales	27.5%	34.2%	28.0%	28.0%	27.4%
Interest coverage x	3.97	2.35	1.74	4.32	7.28
Net Debt/EBITDA x	1.80	3.16	2.03	1.49	0.94
Debt-to-Equity x	0.41	0.44	0.41	0.37	0.26
ROIC	1.5%	0.3%	1.0%	4.2%	6.9%
ROCE	3.0%	2.7%	2.9%	6.0%	8.3%
ROACE	3.3%	2.8%	3.1%	6.3%	8.6%
ROE	2.4%	0.5%	1.4%	5.9%	9.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Per share figures</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Number of shares # m	19.18	20.78	20.78	20.78	20.78
Number of shares Fully Diluted # m	19.18	20.78	20.78	20.78	20.78
Average Number of shares Fully Diluted # m	19.18	19.98	20.78	20.78	20.78
EPS stated FD €	0.04	0.01	0.02	0.10	0.17
EPS adjusted FD €	0.04	0.01	0.02	0.10	0.17
EBITDA €	0.34	0.23	0.32	0.43	0.51
EBIT €	0.08	0.07	0.08	0.19	0.28
BV €	1.69	1.67	1.69	1.79	1.96
FCFO €	0.33	0.08	0.32	0.29	0.37
FCFF €	(0.32)	(0.24)	0.03	0.03	0.15
FCFE €	(0.26)	(0.06)	0.28	0.27	0.15
Dividend €	0.00	0.00	0.00	0.00	0.00

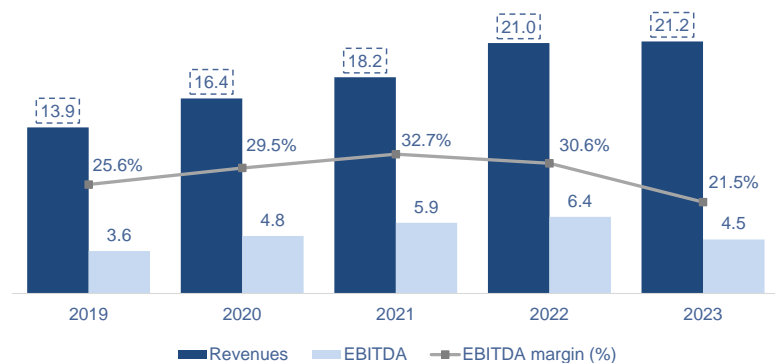


## Neosperience in a Nutshell

Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a **leading software vendor operating in the digital customer experience & customer analytics sector**. Thanks to its deep knowledge of software and app development, the group internally designed **Neosperience Cloud**, an innovative cutting-edge **Customer Data Platform based on Artificial Intelligence** helping businesses to acquire new customers and increase the value of existing ones. Neosperience's **'empathy in technology'** vision perfectly explains the distinctiveness 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 customers with a customised experience based on their personality.

Today Neosperience serves **over 750 customers in several different industries**, namely fashion & luxury, consumer goods, retail & distribution, energy, automotive, healthcare, travel & transportation, financial services, etc.. The group has **over 200 employees** and operates through several branches in Italy and a subsidiary in US. The company reported a **26.2% Sales CAGR<sub>16-23</sub>** mainly driven by the increasing sales of solutions based on the Neosperience Cloud proprietary platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena.

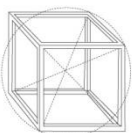
**Chart 1 – Neosperience, 2019-23 Revenues and EBITDA evolution**



Source: CFO SIM elaboration on company data

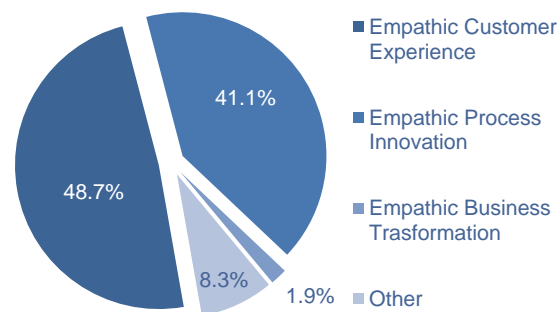
In 2022, Neosperience reorganised the composition of its offer to customers by segmenting it into three areas of activity:

- **Empathic Customer Experience:** it includes all those activities aimed at supporting companies in their digital transformation journey. In particular, Neosperience supports its customers to develop and distribute new omnichannel solutions in order to create engaging experiences to improve revenues and sales margins and increase the customer base. Thanks to several tools, such as the HubSpot CRM platform, advanced marketing automation systems and proprietary solutions for e-commerce, Neosperience provides businesses with everything needed to build a solid and lasting relationship with end customers and encourage their loyalty.
- **Empathic Process Innovation:** thanks to cloud-native solutions based on Artificial Intelligence, Neosperience is able to improve operations and support the digitisation of internal processes of its customers, starting from the ERP and up to the supply chain management. In detail, by applying AI to business processes Neosperience enhances the skills of engineers, designers and all experts within the organisation. Furthermore, by implementing B2B portals it is possible to digitise sales and create intelligent knowledge management systems that collect, understand and make the corporate knowledge assets accessible to all members of the organisation. Finally, Neosperience develops customised processes aimed at planning and optimising production and logistics activities, also providing insights that identify correlations and anomalies thanks to AI.



- **Empathic Business Transformation:** it deals with identifying the latest technologies and digital trends useful to SMEs to define their digital transformation strategies and create new business models. In this field, Neosperience's offer is based on three pillars: 1) "Digital Strategy Workshop", namely to define with the customer a digital strategic plan consistent with its specific needs, resulting in a tailor-made digital transformation path; 2) the creation and use of effective digital tools, by taking advantage of the wide range of solutions offered by the Neosperience Cloud platform as well as by partners; 3) the development of projects oriented towards the creation of data-driven approaches, also by taking advantage of AI-based solutions. With this business unit, Neosperience presents itself as a reliable strategic partner, supporting the entrepreneur with a training and operational approach.

Chart 2 – Neosperience, 2023 top line breakdown by business line

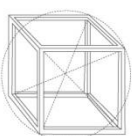


Source: Company data

FY-23 figures exhibited **revenues of € 21.2m, EBITDA of € 4.5m, 21.5% margin** and Net Profit of € 0.2m. **Net Financial Position was € 14.4m**, corresponding to 3.2x NFP/EBITDA.

Furthermore, Neosperience has identified **several promising industries where the Digital Customer Experience is a crucial competitive edge**, such as HealthTech, LegalTech and Tourism, consequently setting up dedicated spin-offs.

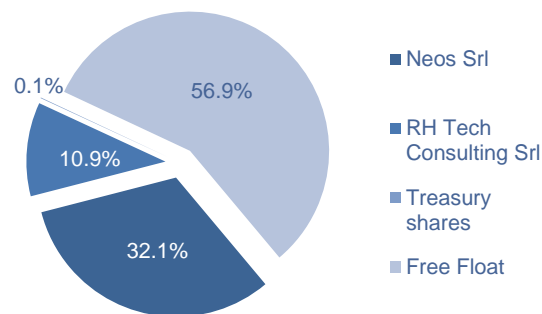
- **Neosperience Health Cloud** is the first online platform dedicated to AI-assisted screening and health improvement. It offers a direct and constant connection between patients, specialists and general practitioners, nurses and caregivers, and ensures direct accessibility to information and screening processes and support for diagnosis and prognosis. In particular, Neosperience Health Cloud 1) collects data and biometric parameters on an ongoing basis from personal devices (e.g. smartwatches), 2) analyses data by aggregating information into clusters and identifying patterns, and 3) uses Artificial Intelligence algorithms to produce real-time results, thus improving diagnostic and prognostic processes.
- **Elibra** is an innovative end-to-end management platform dedicated to professional firms, lawyers and accountants. It includes an ERP system, an AI-based knowledge management system and business intelligence tools able to optimise all the activities of professional firms, improving their economic performance. Established in 2017 as an innovative start-up, in 2023, Elibra recorded a turnover of € 1.2m, largely recurring.
- **Neosperience Tourism Cloud** is the tourism-dedicated version of the Neosperience Cloud platform. In particular, this platform is dedicated to hospitality and culture operators and has been developed with an investment of about € 6.0m, also thanks to the support of the Ministry of Economic Development. The platform allows tourism professionals to improve the lead generation, create a customer community through a dedicated Customer Data Platform and personalise the customer experience thanks to AI. The platform was chosen as a technological partner of Milan Cortina 2026.



## IPO and Group Structure

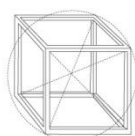
Neosperience went public on Euronext Growth Milan on **20-Feb-19** with a **market cap of € 22.1m and a free float of 18.7%**. The IPO encompassed a **primary offering for a total amount of € 4.1m** (€ 1.71/share reparametrised after the stock split). Pre-IPO shareholders had an 18-month lock-up. Furthermore, on **20-May-19**, Neosperience closed an **additional capital increase for a total amount of € 3.8m** (€ 3.50/share reparametrised after the stock split).

**Chart 3 – Neosperience, current shareholder structure**



Source: CFO SIM elaboration on Company data

At the same time as the capital increase of € 4.1m, **1,206,500 warrants** were assigned free of charge, one for every share subscribed. In 2021, thanks to the warrants conversion, Neosperience collected fresh resources for € 4.3m. As of today, **there are no outstanding warrants**.



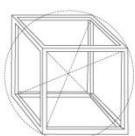
## Business Model

Neosperience is a **leading Italian software company**, providing its clients with several software solutions aimed at helping businesses to acquire new customers and increase the value of existing ones. Neosperience's **'empathy in technology'** vision perfectly explains the distinctiveness 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 customers with a customised and optimised experience based on the customer personality. In this way, companies adopting Neosperience's solutions are able to understand and engage their customers as well as to increase customer loyalty and, consequently, increase their brand value, revenues and margins.

The group's offer is based on **Neosperience Cloud, a highly scalable Artificial Intelligence-based Customer Data Platform** dedicated to Digital Customer Experience. The platform is a suite offering several entirely modular and customisable solutions on the back of specific client needs. The Neosperience Cloud platform is serverless, cloud-based and sold in **Software-as-a-Service mode**, namely via user licences. Neosperience's offer is composed of **several ready-to-use solutions** based on the Neosperience Cloud platform. The solutions are **modular and entirely customisable** and each of them responds to a specific client need, from the implementation of an e-commerce platform to lead generation, from the creation of user insights to gamification. Every solution is made up of different modules which fit together like Lego bricks. Thanks to the API-first paradigm and serverless microservices architectures, Neosperience Cloud is highly scalable and can be used to develop **vertical applications dedicated to the most promising industries**.

Neosperience has identified **several promising industries where the Digital Customer Experience is a crucial competitive edge**, such as HealthTech, LegalTech and Tourism, consequently setting up dedicated spin-offs.

- **Neosperience Health Cloud** is the first online platform dedicated to AI-assisted screening and health improvement. It offers a direct and constant connection between patients, specialists and general practitioners, nurses and caregivers, and ensures direct accessibility to information and screening processes and support for diagnosis and prognosis. In particular, Neosperience Health Cloud 1) collects data and biometric parameters on an ongoing basis from personal devices (e.g. smartwatches), 2) analyses data by aggregating information into clusters and identifying patterns, and 3) uses Artificial Intelligence algorithms to produce real-time results, thus improving diagnostic and prognostic processes.
- **Elibra** is an innovative end-to-end management platform dedicated to professional firms, lawyers and accountants. It includes an ERP system, an AI-based knowledge management system and business intelligence tools able to optimise all the activities of professional firms, improving their economic performance. Established in 2017 as an innovative start-up, in 2023, Elibra recorded a turnover of € 1.2m, largely recurring.
- **Neosperience Tourism Cloud** is the tourism-dedicated version of the Neosperience Cloud platform. In particular, this platform is dedicated to hospitality and culture operators and has been developed with an investment of more than € 6.0m, also thanks to the support of the Ministry of Economic Development. The platform allows tourism professionals to improve the lead generation, create a customer community through a dedicated Customer Data Platform and personalise the customer experience thanks to AI. The platform was chosen as a technological partner of Milan Cortina 2026.

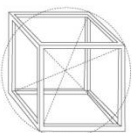


## Strategy

On the back of a solid growth path recorded since its establishment and especially in the last five years (Sales CAGR<sub>16-23</sub> of 26.2%), Neosperience is now aiming to continue its development, consolidate its competitive positioning in the reference market and expand geographically. 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 highly 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 in Europe, specifically in Spain and the German-speaking area, as well as in the Asia-Pacific region (mainly China) where the market of software solutions supporting digital transformation is buoyant. In particular, in China, the group plans to develop the activities of its subsidiary Value China, such as 1) providing Chinese businesses with successful digital products able to expand their activities in Europe, 2) helping European companies understand the distinctive digital dynamics of the Chinese market in order to expand their activities in the APAC area and 3) promoting Chinese tourism in Italy by using an innovative approach based on the Neosperience Tourism Cloud platform. As tangible evidence of the soundness of the services offered, **in Mar-24 Value China was certified as the first European partner of Xiaohongshu, better known as Little Red Book**, a Shanghai-based social media and e-commerce platform with over 300,000 active users.
- Moreover, **Neosperience plans to enter the US market thanks to the listing of the 90%-owned subsidiary Neosperience Health**, a proprietary platform dedicated to AI-assisted screening and health improvement. Specifically, it offers a seamless connection between patients, specialists and general practitioners, nurses and caregivers, ensuring direct accessibility to information and screening processes and support for diagnosis and prognosis. In particular, Neosperience Health 1) collects data and biometric parameters, 2) analyses data and identifies patterns, and 3) uses AI-powered algorithms to generate real-time results. **The listing on NASDAQ is expected to occur within 2024.**
- **M&A opportunities:** the reference market is highly fragmented with a plethora of micro and small-sized players. 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 Rhei. Neosperience is looking for M&A opportunities, both in Italy and abroad, among companies with proprietary cutting-edge software solutions able to enrich the group's offer. Potential targets could be identified among companies operating in one or more geographical areas not yet covered by Neosperience. The group has already identified a short list of potential targets.
- **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, Legaltech, Safetech, Sportech and Industry 4.0. The strategy is to establish business units dedicated to specific niches and consequently identify one or more partners with 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.





## SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

### S.W.O.T. ANALYSIS

#### STRENGTHS

- ❑ **Leading software vendor** in the digital customer experience & customer analytics sector
- ❑ Proprietary **AI-powered Customer Data Platform**, internally developed: Neosperience Cloud
- ❑ Leading positioning in AI-based solutions with integrated **Large Language Models** (GPT-4)
- ❑ **SaaS-based business model:** roughly 40% of revenues are recurring
- ❑ **Low client concentration:** over 750 clients

#### WEAKNESSES

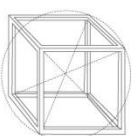
- ❑ **Limited international presence**
- ❑ Few key people representing a **vital asset** for the company
- ❑ **Sizeable intangible assets**
- ❑ **Relatively small size** in an industry led by few well-established companies with huge resources to invest in R&D

#### OPPORTUNITIES

- ❑ **Consolidation opportunities** in a highly fragmented reference market
- ❑ **Wider use of data and AI-based** software solutions in several niches (MarTech, HealthTech)
- ❑ **MarTech sector is expected to keep growing significantly** in the coming years

#### THREATS

- ❑ Fast technological development may increase **competitive pressure**
- ❑ **International expansion** may erode margins in the short term
- ❑ **Profit margin dilution** stemming from the acquisition campaign



## FY-23 Results

In 2023, Neosperience reported top line largely unchanged YoY exhibiting a very similar trend to that of 2022, which is a growing first semester (+4.2% YoY) contributing around 55-57% of the total and a softer H2, slightly declining YoY, as it was affected by the postponement of the customers' investments into technological advancement and digitisation of processes. Profitability, in addition, was penalised by higher operating expenses combined with few one-off adjustments and receivables write-down.

**Table 1 – Neosperience, FY 2023-22 results summary**

€ m	2023	2022	% YoY	2023e	% diff.
<b>Revenues</b>	<b>21.2</b>	<b>21.0</b>	<b>0.6</b>	<b>24.0</b>	<b>(12.0)</b>
Increase on internal works (platform evolutions)	4.7	3.5		3.2	
Other revenues	0.2	0.7		0.7	
<b>Value of Production</b>	<b>26.1</b>	<b>25.2</b>	<b>3.3</b>	<b>27.9</b>	<b>(6.5)</b>
Raw material, processing and services	(10.7)	(8.8)		(9.7)	
Personnel expenses	(9.9)	(8.9)		(9.6)	
Other opex	(0.8)	(1.1)		(1.1)	
<b>EBITDA</b>	<b>4.5</b>	<b>6.4</b>	<b>(29.3)</b>	<b>7.5</b>	<b>(39.4)</b>
% margin	21.5	30.6		31.2	
D&A	(3.1)	(4.9)		(5.5)	
<b>EBIT</b>	<b>1.4</b>	<b>1.5</b>	<b>(4.5)</b>	<b>2.0</b>	<b>(27.6)</b>
% margin	6.8	7.2		8.3	
Financials + Re(De)valuation of Financial Assets	(0.8)	(0.4)		(0.5)	
<b>Pre-Tax profit</b>	<b>0.6</b>	<b>1.1</b>	<b>(44.1)</b>	<b>1.5</b>	<b>(58.3)</b>
% margin	3.0	5.4		6.3	
Income taxes	(0.4)	(0.2)		(0.5)	
Tax rate	68.7%	21.4%		30.0%	
Minorities	(0.0)	(0.2)		(0.2)	
<b>Net Profit</b>	<b>0.2</b>	<b>0.7</b>	<b>(76.3)</b>	<b>0.9</b>	<b>(81.5)</b>
% margin	0.8	3.2		3.6	
<b>Adjusted EBITDA</b>	<b>5.1</b>	<b>6.4</b>	<b>(21.2)</b>	<b>7.5</b>	<b>(32.4)</b>
% margin	24.0	30.6		31.2	
<b>Adjusted EBIT</b>	<b>2.0</b>	<b>1.5</b>	<b>30.2</b>	<b>2.0</b>	<b>(1.3)</b>
% margin	9.3	3.2		8.3	
<b>Net Financial Position</b>	<b>14.4</b>	<b>11.6</b>	<b>24.1</b>	<b>13.8</b>	<b>4.2</b>
<b>Net Equity</b>	<b>34.6</b>	<b>32.5</b>	<b>6.5</b>	<b>33.5</b>	<b>3.2</b>

Source: Company data, CFO SIM estimates

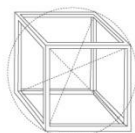
**Revenues totalled € 21.2m, broadly unchanged YoY**, albeit came in lower compared to both our estimate (€ 24.0m) and the 2023 target set in the Business Plan (€ 24.1m), as a result of an uncertain macroeconomic scenario combined with higher interest rates that led Neosperience's customers to postpone the investments into technological advancement and digitisation of processes. **Value of Production came in at € 26.1m, up by 3.3% YoY**, in light of a € 4.7m increase in internally-constructed fixed assets associated with the development of brand-new features to further improve Neosperience Cloud.

In terms of business lines, according to the management, Customer Experience and Process Innovation's performance was in line with expectations, while the company decided to not expand its activities in the SafeTech sector in order to direct efforts to areas that have greater growth potential and profitability.

**Table 2 – Neosperience, FY 2023-22 results and comparison with estimates and BP targets**

€ m	2023	2022	% YoY	2023e	% diff. vs CFO	2023BP	% diff. vs BP
Revenues	21.2	21.0	0.6	24.0	(12.0)	24.1	(12.2)
Value of Production	26.1	25.2	3.3	27.9	(6.5)	29.7	(12.2)
EBITDA	4.5	6.4	(29.3)	7.5	(39.4)	7.8	(41.5)
EBIT	1.4	1.5	(4.5)	2.0	(27.6)	2.1	(32.3)
Net Financial Position	14.4	11.6	24.1	13.8	4.2	11.2	28.5

Source: Company data, CFO SIM estimates



**EBITDA came in sharply lower YoY at € 4.5m, 21.5% margin** (€ 6.4m, 30.6% margin, in FY-22), as a consequence of higher operating costs as well as the adverse impact of an extraordinary adjustment related to the voluntary return of a 2019 R&D tax credit amounting to € 521k. Moreover, EBITDA came in below both our estimate along with the € 7.8m target set in the Business Plan, primarily reflecting lower-than-expected sales volumes. **By excluding the abovementioned return, Adjusted EBITDA was € 5.1m, 24.0% margin.**

**EBIT was € 1.4m, 6.8% margin, fairly aligned with € 1.5m, 7.2% margin**, posted in FY-22, after D&A expenses equal to € 3.1m, well below our expectation of € 5.5m due to a combination of lower-than-expected capitalised R&D costs as well as the decision to make use of the option to suspend the amortisation of certain NH's intangible assets, in accordance with the Legislative Decree 198/2022. Additionally, EBIT was negatively impacted by a prudential receivable write-down of € 545k relative to the development of a cutting-edge fintech solution. While the company's management expects to fully recover the amount claimed, if this will not be the case, Neosperience will become the full owner of the created solution, which boasts promising applications in the sector. By excluding the write-down, **Adjusted EBIT was € 2.0m, 9.3% margin.**

**Net Profit was € 0.2m, 0.8% margin, and came in significantly lower compared to € 0.7m, 3.2% margin**, in FY-22, resulting from an almost unchanged EBIT and a combination of higher financial charges, almost doubled YoY, and tax expenses.

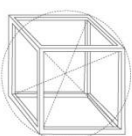
**Net Financial Position stood at € 14.4m, compared to € 11.6m at year-end 2022, and slightly higher compared to our € 13.8m estimate**, as a result of an Op. CF of € 1.6m, affected to a certain extent by unfavorable NWC dynamics, i.e. higher receivables, but more than offset by Net Investments of € 6.5m (vs our estimate of € 8.5m). Almost the entire amount of Capex was ascribable to the capitalisation of R&D costs aimed at empowering Neosperience's proprietary platform.

## Listing of Neosperience Health and recent developments

The anticipated listing of Neosperience Health on NASDAQ, originally scheduled for H2-23, has been temporarily halted, as the management is waiting for the appropriate timing aimed at maximising the value of the company. The primary goal remains intact, namely carrying out **a capital increase for the placement of between 15-20% of the NH's share capital** on the American stock exchange, in order to speed up its growth path.

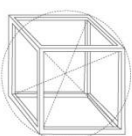
In Dec-23, **Neosperience Health concluded a capital increase of \$ 1m**, entirely subscribed by selected managers and entrepreneurs having a strong interest in the company. The deal stipulates that all shareholders will be subject to a 12-months lock-up period starting from the IPO date, including the main shareholder, Neosperience itself, now holding a 90% stake.

It is worth to point out that **Neosperience Health, established in May-22, generated revenues of € 792k in the same year on a pro-forma basis**, that is including the transfer of all the healthcare activities previously performed by Neosperience SpA. The customer base comprises leading international companies such as **AstraZeneca and Vivisol**. Moreover, **Neosperience Health owns 100% of Revoo Srl**, an innovative platform engaged in the provision of customised fitness and wellness plans to over 25,000 users.



Additionally, over the last 6 months Neosperience obtained state-funded resources at favourable terms as well as tax benefits relative to R&D projects to bolster its expansion plans. In greater details:

- ✓ On Oct-23, **Neosperience received the approval from the Ministry of Enterprises and Made in Italy relating to an R&D project for a total investment of € 6.1m**, which will be partly financed with grants (ca. € 2.5m) and a 7-year low-interest loan (ca. € 1.2m). The project involves the development of an innovative platform in the health sector. Similar initiatives intended to enrich Neosperience's proprietary platform with new verticals in promising sectors (e-commerce, Legal and Security) are under scrutiny.
- ✓ On Nov-23, **the company was granted a Patent Box relative to the development of Neosperience Tourism Platform**, which has resulted in a total investment amounting to € 5.9m. In particular, the company will benefit from a tax relief to the tune of € 1.6m.
- ✓ On Apr-24, Neosperience **was awarded an important loan agreement for a total consideration of € 10m**, subdivided into three distinct credit lines, by a major Italian financial institution. **The fresh resources**, partially covered by state guarantees, **will chiefly be deployed to satisfy working capital funding needs and underpin the strategic investments** outlined in the 2023-25 Business Plan, which can possibly include partnerships along with M&A transactions, both in Italy and abroad.



## Estimates, Valuation & Risks

Neosperience's 2023 results were characterised by an almost unchanged top line while EBITDA and bottom line declined more than proportionally mainly due to adverse effects of higher operating costs, one-off adjustments and increased financial charges. Noteworthy, results came in below both our expectations as well as the company's Business Plan approved in May-23. A partial revision of the targets originally disclosed, both in terms of revenues and profitability, is expected in the coming months.

In 2024, Neosperience is eager to seize the endless market opportunities in the software industry opened up by the recent advent of Large Language Models and generative AI. As a matter of fact, in 2023 the company started **two valuable projects, partly funded with public funds, involving total investments for € 12m in sectors such as e-commerce and healthcare**, which enjoy favourable long-term trends and are expected to be positively impacted by AI-powered innovations. Moreover, we believe M&A could act as a further catalyst for the stock: currently, Neosperience is scouting several opportunities, both in Italy and abroad.

**The company's management is confident to successfully list Neosperience Health on NASDAQ within 2024**, pending a more constructive macroeconomic environment and positive market conditions. Our growth forecasts are assumed on an organic basis, thus not comprising any M&A transactions nor potential new resources arising from the listing of Neosperience Health.

Following the FY-23 results release, **we have updated our model** factoring-in: 1) a lower than previously expected revenues progression 2) a fine-tuning of the interest expense to reflect the credit lines recently secured to fund growth projects, and 3) an upward revision of Capex. The combined result is an average **17.4% and 27.0% decline in Revenues and EBITDA, as well as a corresponding 69.5% increase in Net Financial Position in 2024-25**. Moreover, we have introduced 2026 estimates.

**Table 3 – Neosperience, 2024e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Revenues</b>	<b>24.5</b>	<b>29.1</b>	<b>(15.9)</b>	<b>(4.6)</b>
<b>EBITDA</b>	<b>6.7</b>	<b>9.2</b>	<b>(27.2)</b>	<b>(2.5)</b>
% margin	27.5	31.7		
<b>EBIT</b>	<b>1.7</b>	<b>3.6</b>	<b>(50.8)</b>	<b>(1.8)</b>
% margin	7.1	12.2		
<b>Net Profit</b>	<b>0.5</b>	<b>2.0</b>	<b>(75.8)</b>	<b>(1.5)</b>
% margin	2.0	6.8		
<b>Y/E net debt/(cash)</b>	<b>13.7</b>	<b>10.6</b>	<b>28.8</b>	<b>3.1</b>

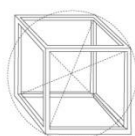
Source: CFO SIM

**Table 4 – Neosperience, 2025e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Revenues</b>	<b>29.7</b>	<b>36.7</b>	<b>(19.0)</b>	<b>(7.0)</b>
<b>EBITDA</b>	<b>8.8</b>	<b>12.1</b>	<b>(26.8)</b>	<b>(3.2)</b>
% margin	29.8	32.9		
<b>EBIT</b>	<b>4.0</b>	<b>6.3</b>	<b>(37.1)</b>	<b>(2.4)</b>
% margin	13.4	17.3		
<b>Net Profit</b>	<b>2.1</b>	<b>3.9</b>	<b>(45.9)</b>	<b>(1.8)</b>
% margin	7.1	10.6		
<b>Y/E net debt/(cash)</b>	<b>13.1</b>	<b>6.2</b>	<b>110.3</b>	<b>6.9</b>

Source: CFO SIM

CFO SIM has updated the DCF valuation criteria, bringing the risk-free rate up-to-date and postponing the first valuation projection to 2024. As a consequence, we set a **new DCF-based PT for NSP at € 2.30/s** (€ 2.80), 28.1% upside to current price levels. **Buy recommendation confirmed.**



## DCF

In our DCF-based valuation, we assess explicit estimates until 2028 and assume a long-term growth rate of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

**Table 5 – WACC derived from:**

Interest costs, pre-tax	4.0%
Tax rate	30.0%
<b>Int. costs, after taxes</b>	<b>2.8%</b>
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	4.18%
Beta levered (x)	1.00
<b>Required ROE</b>	<b>13.2%</b>

Sources: CFO SIM, Refinitiv Eikon

**Risk premium at 9.0%** factors in the minute size of the company and basically all concerns an investor might have in relation to the Euronext Growth Milan market segment. **Beta** has been set **at 1.00**, taking into account the lower liquidity of the company. The WACC is computed using a sustainable 30:70 debt/equity balance-sheet structure.

**Table 6 – Neosperience, DCF model**

€ m	2024e	2025e	2026e	2027e	2028e	Term. Val.
EBIT	1.7	4.0	5.9	7.7	9.6	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
<b>Operating profit (NOPAT)</b>	<b>1.2</b>	<b>2.8</b>	<b>4.1</b>	<b>5.4</b>	<b>6.7</b>	
Change working capital	1.0	(1.3)	(1.2)	(0.6)	(0.1)	
Depreciation	5.0	4.9	4.8	3.7	2.5	
Investments	(6.0)	(5.5)	(4.5)	(3.5)	(2.5)	
<b>Free Cash Flows</b>	<b>1.2</b>	<b>0.8</b>	<b>3.3</b>	<b>4.9</b>	<b>6.7</b>	<b>84.7</b>
Present value	1.1	0.7	2.5	3.5	4.3	<b>53.9</b>
WACC	10.1%	10.1%	10.1%	10.1%	10.1%	
<b>Long-term growth rate</b>	<b>2.0%</b>					

Source: CFO SIM

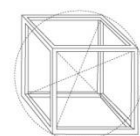
**Table 7 – Neosperience, DCF derived from:**

€ m	
Total EV present value € m	66.0
<i>thereof terminal value</i>	81.7%
NFP last reported	(14.4)
Pension provision	(1.8)
Minorities (valued at 1.1x P/BV)	(2.0)
<b>Equity value € m</b>	<b>47.8</b>
#m shares (excl. treasury shares)	20.77
<b>Equity value €/s</b>	<b>2.30</b>
<i>% upside/(downside)</i>	28.1%

Source: CFO SIM

**The outcome of our DCF model generated an equity value of € 47.8m for Neosperience, € 2.30/s (€ 2.80).**

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 2.06-2.59/s (perpetuity range between 1.25% and 2.75%)**, while, 2) if compared to changes in the free risk rate, it produces an equity value of **€ 2.08-2.55/s (free risk range between 4.93% and 3.43%)** and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 1.88- 2.85/s (risk premium range between 10.50% and 7.50%)**.



**Table 8 – Neosperience, equity value sensitivity to changes in terminal growth rate**

€ m	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
Present value of CF	12.1	12.1	12.1	12.1	12.1	12.1	12.1
PV of terminal value	49.0	50.5	52.2	53.9	55.8	57.8	59.9
<b>Total value</b>	<b>61.0</b>	<b>62.6</b>	<b>64.2</b>	<b>66.0</b>	<b>67.8</b>	<b>69.8</b>	<b>71.9</b>
NFP last reported	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)
Pension provision	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Minorities (valued at 1.1x P/BV)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Equity value</b>	<b>42.8</b>	<b>44.4</b>	<b>46.0</b>	<b>47.8</b>	<b>49.6</b>	<b>51.6</b>	<b>53.7</b>
<b>Equity value/share €</b>	<b>2.06</b>	<b>2.14</b>	<b>2.22</b>	<b>2.30</b>	<b>2.39</b>	<b>2.49</b>	<b>2.59</b>

Source: CFO SIM

**Table 9 – Neosperience, equity value sensitivity to changes in free risk rate**

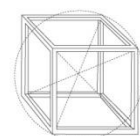
€ m	3.43%	3.68%	3.93%	4.18%	4.43%	4.68%	4.93%
Present value of CF	12.3	12.2	12.1	12.1	12.0	11.9	11.9
PV of terminal value	59.0	57.2	55.5	53.9	52.4	50.9	49.5
<b>Total value</b>	<b>71.2</b>	<b>69.4</b>	<b>67.6</b>	<b>66.0</b>	<b>64.4</b>	<b>62.8</b>	<b>61.4</b>
NFP last reported	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)
Pension provision	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Minorities (valued at 1.1x P/BV)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Equity value</b>	<b>53.0</b>	<b>51.2</b>	<b>49.4</b>	<b>47.8</b>	<b>46.2</b>	<b>44.6</b>	<b>43.2</b>
<b>Equity value/share €</b>	<b>2.55</b>	<b>2.47</b>	<b>2.38</b>	<b>2.30</b>	<b>2.22</b>	<b>2.15</b>	<b>2.08</b>

Source: CFO SIM

**Table 10 – Neosperience, equity value sensitivity to changes in risk premium**

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	12.5	12.3	12.2	12.1	11.9	11.8	11.7
PV of terminal value	64.8	60.8	57.2	53.9	50.9	48.1	45.6
<b>Total value</b>	<b>77.3</b>	<b>73.2</b>	<b>69.4</b>	<b>66.0</b>	<b>62.8</b>	<b>59.9</b>	<b>57.3</b>
NFP last reported	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)
Pension provision	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Minorities (valued at 1.1x P/BV)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Equity value</b>	<b>59.1</b>	<b>55.0</b>	<b>51.2</b>	<b>47.8</b>	<b>44.6</b>	<b>41.7</b>	<b>39.1</b>
<b>Equity value/share €</b>	<b>2.85</b>	<b>2.65</b>	<b>2.47</b>	<b>2.30</b>	<b>2.15</b>	<b>2.01</b>	<b>1.88</b>

Source: CFO SIM



## Market Multiples

Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. The group helps businesses to design their digital transformation process by optimising the digital experience for each customer's personality.

In order to run a market multiple valuation, we set up a list of comparable companies in the **global digital transformation arena**. The list includes both players operating as digital transformation consultants as well as software companies providing their clients with digital technologies able to turn a traditional business into a digital business.

**Accenture PLC** is a multinational organisation offering management and strategic consulting services as well as technology services and outsourcing solutions in a vast array of industries.

**Adobe Inc** is a software company offering products and services used by professionals, marketers, knowledge workers, application developers, enterprises and consumers for creating, managing, measuring, optimising and engaging with compelling content and experiences. Its Digital Experience segment provides solutions and services for how digital advertising and marketing are created, managed, executed, measured and optimised.

**Alkemy SpA** is an Italy-based company engaged in the digital marketing sector. The Company focuses on the development of digital transformation technologies. Its offer comprises the creation of digital and omnichannel strategies, data analytics and CRM tools, the design of online stores, online content production, the development of cross-channel campaigns, social media management, user experience (UX) design, the execution of websites and mobile applications, search engine optimisation (SEO), retargeting, as well as integrated channel planning, among others.

**dotDigital Group PLC** provides software, service technology and tools for digital marketing. Furthermore, it offers Software as a Service (SaaS) technologies, email marketing consultancy and managed services for businesses.

**Gartner Inc** provides research and analysis on the computer hardware, software, communications, and related information technology industries. The company's business segments include research, consulting, measurement, events, and executive programs

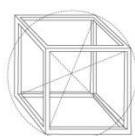
**Growens SpA** is a leading international scaleup company in the European Cloud Marketing Technologies market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 23,000 clients in 115 countries with a wide range of solutions.

**HubSpot Inc** provides a cloud-based marketing and sales software platform. The company offers integrated applications that help in lead generation and social marketing.

**Maps SpA** is an Italy-based IT company, which provides data management solutions. The company develops technological solutions for the acquisition of information by extracting it from unstructured data and turning it into usable knowledge.

**Reply SpA** is a highly specialised group, supporting leading industrial firms in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication paradigms, such as Big Data, Cloud Computing, Digital Communication, Internet of Things, Mobile and Social Networking.

**Salesforce.Com Inc** focuses on customer relationship management (CRM) technology. The company's Customer 360 platform delivers a source which connects customer data across systems, applications and devices to help companies sell, service, market and conduct commerce from anywhere.





**TechTarget Inc** operates a portfolio of industry-specific portals. The company focuses on portals that deliver resources to information technology professionals within specific vertical market segments.

Based on CFO SIM estimates, Neosperience exhibits **higher-than-median Sales, EBITDA, EBIT and EPS CAGR as well as EBITDA margin.**

**Table 11 – Neosperience, peer group summary table**

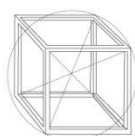
€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	% EBITDA margin	% Sales CAGR <sub>23-26</sub>	% EBITDA CAGR <sub>23-26</sub>	% EBIT CAGR <sub>23-26</sub>	% EPS CAGR <sub>23-26</sub>	NFP /EBITDA
Accenture PLC	UK	199,053	60,470	11,274	18.6%	5.7%	10.0%	6.7%	9.4%	n.m.
Adobe Inc	US	199,177	19,932	9,660	48.5%	11.1%	19.6%	22.3%	23.8%	n.m.
Alkemy SpA	IT	63	125	14	11.5%	7.1%	8.1%	9.0%	30.7%	1.8
dotDigital Group PLC	UK	341	92	28	30.5%	10.6%	9.6%	10.3%	8.0%	n.m.
Gartner Inc	US	32,937	5,924	1,417	23.9%	9.0%	12.4%	13.4%	12.0%	0.7
Growens SpA	IT	101	79	1	0.6%	4.8%	-3.2%	n.m.	n.m.	n.m.
HubSpot Inc	US	30,928	2,403	450	18.7%	19.9%	n.m.	n.m.	n.m.	n.m.
Maps SpA	IT	30	30	7	22.4%	8.1%	20.5%	51.7%	60.2%	1.6
Reply SpA	IT	4,625	2,324	371	16.0%	9.0%	7.5%	8.3%	11.2%	n.m.
Salesforce Inc	US	247,315	35,274	14,760	41.8%	11.2%	24.1%	39.9%	46.9%	n.m.
TechTarget Inc	US	731	213	67	31.3%	7.8%	76.2%	n.m.	149.2%	1.8
<b>Median</b>		<b>4,625</b>	<b>2,324</b>	<b>371</b>	<b>22.4%</b>	<b>9.0%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>23.8%</b>	<b>1.7</b>
<b>Neosperience SpA</b>	<b>IT</b>	<b>37</b>	<b>24</b>	<b>7</b>	<b>27.5%</b>	<b>18.5%</b>	<b>33.0%</b>	<b>59.8%</b>	<b>178.9%</b>	<b>2.0</b>

Sources: CFO SIM, Refinitiv Eikon

**Table 12 – Neosperience, peer group EV multiple table**

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	3.20	2.98	2.74	17.2	15.7	14.3
Adobe Inc	9.79	8.62	7.64	20.2	17.9	15.8
Alkemy SpA	0.70	0.60	0.54	6.1	5.1	4.7
dotDigital Group PLC	3.55	3.22	2.95	11.6	10.5	9.5
Gartner Inc	5.72	5.24	4.88	23.9	21.9	19.9
Growens SpA	0.90	0.87	1.03	n.m.	65.4	46.9
HubSpot Inc	12.41	10.33	8.48	66.3	52.0	36.8
Maps SpA	1.34	1.12	0.78	6.0	4.6	3.2
Reply SpA	1.87	1.65	1.54	11.7	10.3	9.6
Salesforce Inc	6.56	5.59	4.76	15.7	13.8	12.0
TechTarget Inc	4.01	3.37	2.89	12.8	10.2	8.0
<b>Median</b>	<b>3.55</b>	<b>3.22</b>	<b>2.89</b>	<b>14.2</b>	<b>13.8</b>	<b>12.0</b>
<b>Neosperience SpA</b>	<b>2.09</b>	<b>1.70</b>	<b>1.35</b>	<b>7.6</b>	<b>5.7</b>	<b>4.4</b>
% premium/(discount) to median	(41.3)	(47.1)	(53.3)	(46.7)	(58.4)	(63.0)

Sources: CFO SIM, Refinitiv Eikon



**Table 13 – Neosperience, peer group EV & price multiple table**

EV & Price multiples x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	20.7	19.0	17.3	27.6	25.8	23.5
Adobe Inc	21.5	18.8	16.7	26.3	23.6	21.0
Alkemy SpA	9.0	6.9	6.9	10.1	8.1	8.0
dotDigital Group PLC	18.2	16.0	14.5	21.4	19.9	18.5
Gartner Inc	30.2	26.7	22.7	38.8	34.8	29.3
Growens SpA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
HubSpot Inc	77.4	61.0	44.9	89.2	72.7	54.7
Maps SpA	11.8	8.2	5.5	11.8	8.8	7.8
Reply SpA	14.2	12.3	11.5	21.7	19.3	17.9
Salesforce Inc	20.2	16.8	13.9	27.6	23.7	20.4
TechTarget Inc	15.6	12.1	9.7	14.1	12.8	11.7
<b>Median</b>	<b>19.2</b>	<b>16.4</b>	<b>14.2</b>	<b>24.0</b>	<b>21.8</b>	<b>19.4</b>
<b>Neosperience SpA</b>	<b>29.3</b>	<b>12.7</b>	<b>8.1</b>	<b>78.0</b>	<b>17.9</b>	<b>10.7</b>
% premium/(discount) to median	52.3	(22.6)	(43.1)	225.4	(17.9)	(44.9)

Sources: CFO SIM, Refinitiv Eikon

We applied an arbitrary **25.0% discount** to the peer multiple median in order to factor in the smaller size of Neosperience and the lower liquidity of the stock, on the back its listing on the Euronext Growth Milan market. On the other hand, Neosperience unveils higher-than-median Sales, EBITDA, EBIT and EPS CAGR as well as EBITDA margin, thus reducing the potential discount applicable. By applying the discounted peer group EV/EBITDA multiple median to Neosperience's metrics, we get an **appraisal of Neosperience to the tune of € 2.70/s, 50.4% upside**, by applying 2024 estimates and multiples, perfectly in line with our previous market multiples valuation performed after H1-23 results.

**Table 14 – Neosperience, equity value assessment, 1#3**

Neosperience Equity Value € m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
<b>Median Peers (x)</b>	<b>3.55</b>	<b>3.22</b>	<b>2.89</b>	<b>14.2</b>	<b>13.8</b>	<b>12.0</b>
Neosperience metric	24.5	29.7	35.2	6.7	8.8	10.7
NFP	(13.7)	(13.1)	(10.0)	(13.7)	(13.1)	(10.0)
Minorities (valued at 1.1x P/BV)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Neosperience Equity Value</b>	<b>49.5</b>	<b>56.6</b>	<b>64.2</b>	<b>56.2</b>	<b>76.0</b>	<b>84.1</b>
<b>Neosperience Equity Value/share €</b>	<b>2.39</b>	<b>2.72</b>	<b>3.09</b>	<b>2.70</b>	<b>3.66</b>	<b>4.05</b>
% upside/(downside)	32.9	51.7	72.1	50.4	104.0	125.6

Sources: CFO SIM, Refinitiv Eikon

**Table 15 – Neosperience, equity value assessment, 2#3**

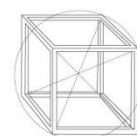
Neosperience Equity Value € m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
<b>Median Peers (x)</b>	<b>19.2</b>	<b>16.4</b>	<b>14.2</b>	<b>24.0</b>	<b>21.8</b>	<b>19.4</b>
Neosperience metric	1.7	4.0	5.9	0.5	2.1	3.5
NFP	(13.7)	(13.1)	(10.0)			
Minorities (valued at 1.1x P/BV)	(2.0)	(2.0)	(2.0)			
<b>Neosperience Equity Value</b>	<b>9.5</b>	<b>33.8</b>	<b>50.4</b>	<b>8.6</b>	<b>34.2</b>	<b>50.9</b>
<b>Neosperience Equity Value/share €</b>	<b>0.46</b>	<b>1.63</b>	<b>2.43</b>	<b>0.42</b>	<b>1.65</b>	<b>2.45</b>
% upside/(downside)	(74.6)	(9.2)	35.3	(76.9)	(8.3)	36.5

Sources: CFO SIM, Refinitiv Eikon

**Table 16 – Neosperience, equity value assessment, 3#3**

€/s	FY1	FY2	FY3
EV/EBITDA	2.70	3.66	4.05
Weighting	100.0%	0.0%	0.0%
<b>Equity Value</b>	<b>2.70</b>		
% upside/(downside)	50.4%		

Sources: CFO SIM, Refinitiv Eikon



## Peer Stock Performance

Neosperience was listed on Euronext Growth Milan on 20<sup>th</sup> February 2019 at € 3.42/share (€ 1.71/share reparametrised after the stock split), corresponding to a post-money market capitalisation of € 22.1m. The stock reached a 1Y intraday maximum price of € 2.46/s on 22-May-23 and a minimum price of € 1.51/s on 23-Oct-23.

**Table 17 – Neosperience, peer group and indexes absolute performance**

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	0.5	(2.8)	(8.4)	(12.1)	4.3	(9.9)	12.9
Adobe Inc	(0.3)	(2.3)	(7.4)	(20.3)	(14.9)	(20.7)	24.5
Alkemy SpA	(1.8)	(9.4)	(12.3)	15.9	48.3	20.2	(11.7)
dotDigital Group PLC	0.6	3.5	8.9	(7.3)	25.3	(3.8)	3.7
Gartner Inc	0.1	(5.3)	(6.9)	(2.9)	27.4	(0.3)	46.3
Growens SpA	0.0	(0.3)	9.3	23.3	0.0	23.3	8.6
HubSpot Inc	2.5	(4.8)	4.7	13.2	46.0	11.9	54.9
Maps SpA	3.0	(3.3)	(20.1)	(21.5)	(6.7)	(23.7)	(26.5)
Reply SpA	(0.5)	(3.3)	(5.9)	1.1	39.5	3.2	15.4
Salesforce Inc	(1.6)	(9.1)	(11.8)	(0.9)	30.5	3.3	36.7
TechTarget Inc	(0.7)	(6.4)	(16.4)	(15.9)	(0.5)	(21.8)	(20.4)
<b>Median</b>	<b>0.0</b>	<b>(3.3)</b>	<b>(7.4)</b>	<b>(2.9)</b>	<b>25.3</b>	<b>(0.3)</b>	<b>12.9</b>
<b>Neosperience SpA</b>	<b>(0.3)</b>	<b>(12.4)</b>	<b>(4.0)</b>	<b>0.3</b>	<b>9.5</b>	<b>(1.4)</b>	<b>(7.5)</b>
MSCI World Index	(0.0)	(3.3)	(4.5)	4.4	16.1	3.5	15.8
EUROSTOXX	0.5	(0.7)	(1.9)	8.5	18.1	6.8	8.9
FTSE Italia All Share	0.7	0.3	(1.4)	11.0	21.9	10.9	19.5
FTSE Italia STAR	0.1	(2.1)	(2.2)	(1.0)	13.7	(3.6)	(5.5)
FTSE Italia Growth	0.1	(1.4)	(1.8)	(2.5)	1.7	(3.4)	(13.4)

Source: Refinitiv Eikon

**Table 18 – Neosperience, relative performances**

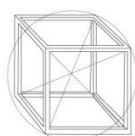
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	(0.2)	(9.2)	0.5	(4.1)	(6.7)	(4.9)	(23.2)
to EUROSTOXX	(0.7)	(11.7)	(2.1)	(8.2)	(8.7)	(8.2)	(16.3)
to FTSE Italia All Share	(1.0)	(12.8)	(2.6)	(10.7)	(12.4)	(12.2)	(27.0)
to FTSE Italia STAR	(0.3)	(10.4)	(1.8)	1.3	(4.2)	2.2	(1.9)
to FTSE Italia Growth	(0.4)	(11.1)	(2.2)	2.8	7.8	2.0	6.0
to Peer Median	(0.3)	(9.1)	3.4	3.2	(15.8)	(1.0)	(20.4)

Source: Refinitiv Eikon

## Risks

The principal investment **risks** associated with Neosperience include:

- Fast technological development increasing competitive pressure
- Possible ICT malfunctions;
- Profit margin dilution stemming from the acquisition campaign;
- Impact on the profit & loss and balance sheet profiles triggered by a deep decline in global economic growth and/or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution hampered by potential consolidating players in the industry with huge firepower.



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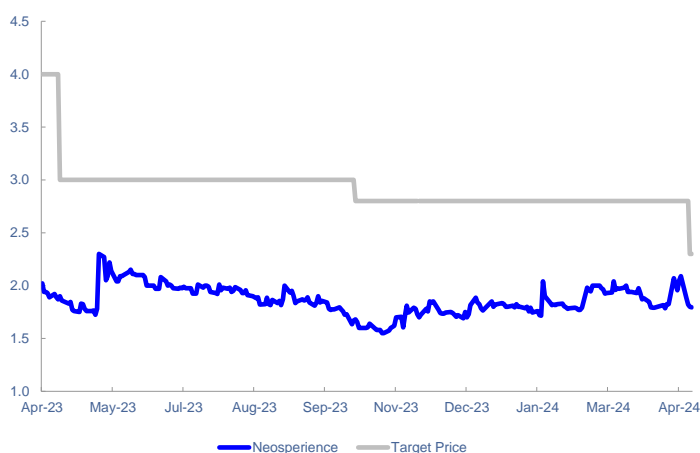
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DATE	TARGET PRICE	RATING
19/04/2024	€2.30	BUY
11/10/2023	€2.80	BUY
27/04/2023	€3.00	BUY

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- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated

