

Italy – Digital Innovation

Innovative AI-based solutions to bring ‘empathy in technology’

29th July 2021

INITIATION OF COVERAGE

RIC: NSP.MI
BBG: NSP IM

Neosperience develops advanced technological solutions to help organisations intercept the increasing need for a bespoke customer experience and deeply understand customers by instilling empathy into digital tools thanks to an AI-based psychographic engine. A growing and profitable company with a cutting-edge product portfolio and a strong M&A track record: all of this makes an exciting equity story.

Rating:

Buy

Price Target:

€ 10.00

Upside/(Downside): 66.1%

Last Price: € 6.02

Market Cap.: € 45.1m

1Y High/Low: € 7.60 / € 4.49

Avg. Daily Turn. (3M, 6M): € 74k, € 88k

Free Float: 49.7%

Major shareholders:

Neos Srl 44.7%



Stock price performance

	1M	3M	12M
Absolute	-2.9%	2.0%	9.7%
Rel.to AIM Italia	-4.3%	-8.7%	-37.8%
Rel.to Sector	-8.4%	-10.9%	-97.8%

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Buy, PT of € 10.00/s, 66.1% upside

CFO SIM initiates coverage of Neosperience with a Buy recommendation and PT of € 10.00/s, 66.1% upside to current price levels. In order to get a fair appraisal of Neosperience, we believe the most appropriate methodology is a DCF model corroborated by a market multiple valuation. The DCF model better factors in the medium-/long-term value of the stock and avoids incorporating increasing stock market volatility, which mainly involves the Tech sector. We run the DCF model using the following settings: g=2%, beta=1, WACC=7.2% and a sustainable 30:70 debt/equity balance-sheet structure. According to the DCF model, we assign Neosperience a valuation of € 10.00/s.

A leading MarTech player focused on AI-based solutions for business digitisation

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 AI-based Customer Data Platform helping businesses to acquire new clients and increase the value of the existing customers. 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.

Sales and EBITDA CAGR₂₀₋₂₃ at 21.3% and 24.2%, respectively

Our estimates show a top line CAGR₂₀₋₂₃ of 21.3%, as a result of 1) increasing sales of SaaS solutions based on the Neosperience Cloud platform, 2) the addition of new vertical solutions (i.e. Neosperience Health Cloud) to the group’s offer, and 3) international expansion (US and China). EBITDA is anticipated to grow at a 24.2% CAGR₂₀₋₂₃, mainly as a result of the increase in sales of more lucrative SaaS solutions. CFO SIM forecasts cumulated capex for € 9.0m in the 2021-23 period, entirely related to the capitalisation of development costs. EBITDA/FCF conversion is anticipated at 25.8% on average in the 2021-23 period, prompting a strong improvement in NFP, expected at € 0.3m cash in 2023.

Consolidation of competitive positioning coupled with international expansion

The group’s strategy is based on the following pillars: 1) Consolidation of the group’s competitive positioning in the reference market thanks to the state-of-the-art highly scalable Neosperience Cloud platform; 2) International expansion, by expanding the group’s business to the US, the German-speaking area and the Asian-Pacific region (mainly China); 3) M&A opportunities, such as the acquisition of companies with proprietary cutting-edge software solutions able to enrich the group’s offer or firms operating in one or more geographical areas not yet covered by Neosperience; 4) Establishment of start-ups in selected promising niches, such as Healthcare, Fintech, Insuretech, Legaltech, Sportech and Industry 4.0.

Neosperience, key financials and ratios

€ m	2019	2020	2021e	2022e	2023e
Revenues	13.9	16.4	19.2	24.3	31.9
Value of Production	17.5	19.6	22.2	27.4	34.9
EBITDA	3.6	4.8	5.1	6.8	9.3
EBIT	1.1	0.8	0.9	2.6	5.1
Net Profit	0.9	0.3	0.3	1.4	3.1
NFP (cash)/debt	1.2	5.4	4.4	2.4	(0.3)
EBITDA margin	20.4%	24.7%	22.9%	24.7%	26.5%
EBIT margin	6.4%	4.2%	4.1%	9.4%	14.5%
EPS stated FD €	0.11	0.03	0.03	0.17	0.36
EPS growth	-	-72.3%	8.7%	388.0%	118.2%
ROCE	6.2%	2.7%	3.0%	8.0%	14.3%
NWC/Sales	10.4%	21.2%	20.0%	19.1%	18.2%
Free Cash Flow Yield	-15.1%	-8.8%	2.1%	4.4%	6.0%
PER x	59.5	153.1	156.5	31.9	14.6
EV/Sales x	3.21	2.31	2.23	1.74	1.28
EV/EBITDA x	15.7	9.4	9.8	7.0	4.8
EV/EBIT x	50.1	55.6	54.9	18.4	8.9

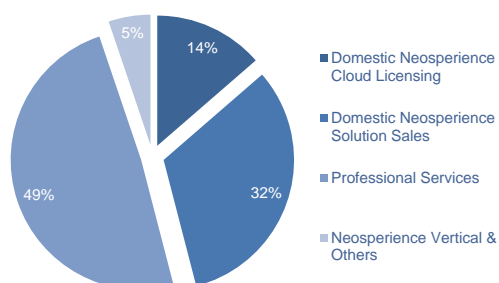


The Company at a Glance

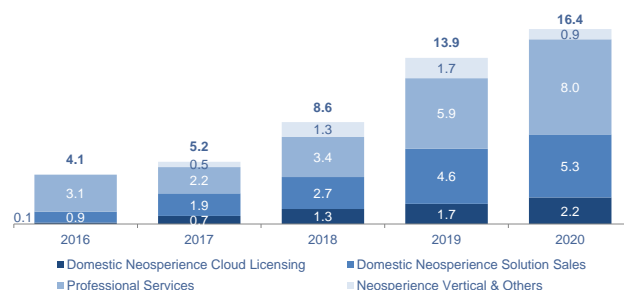
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app developing, the group internally designed Neosperience Cloud, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new clients and increase the value of existing ones. 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.

The company reported a 41.0% sales CAGR₁₆₋₂₀ mainly driven by increasing sales of solutions based on the proprietary platform Neosperience Cloud as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena. FY-20 figures show revenues of € 16.4m, value of production of € 19.6m, EBITDA of € 4.8m, 24.7% margin and Net Profit of € 0.3m. Net Financial Position was € 5.4m, corresponding to 1.1x NFP/EBITDA.

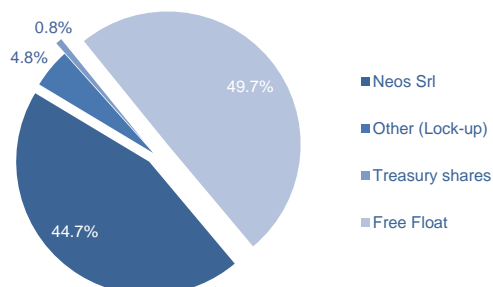
2020 Revenues breakdown by business line



Top line 2016-20 evolution



Shareholder structure



Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
Accenture PLC	(1.1)	0.8	7.3	9.0	28.5	21.1
Adobe Inc	0.4	1.4	6.0	20.5	35.0	24.2
Alkemy SpA	1.1	6.5	(6.0)	17.2	110.2	97.7
Be Shaping the Future	2.0	1.1	10.5	22.1	38.2	30.3
Digital360 SpA	8.0	5.5	30.0	33.2	62.5	76.6
dotDigital Group PLC	(0.4)	1.0	6.1	34.3	34.2	53.1
Gartner Inc	(1.0)	2.2	8.2	32.7	72.9	63.6
Growens SpA	(0.7)	(1.6)	(0.7)	6.3	0.7	0.7
HubSpot Inc	0.5	0.8	1.1	5.6	68.3	48.6
Kaleyra Inc	(2.9)	(11.2)	(16.2)	(28.9)	(19.2)	5.9
Maps SpA	(0.7)	0.3	5.5	12.9	31.5	26.9
Reply SpA	1.9	3.0	6.6	31.4	45.2	55.1
Salesforce.Com Inc	0.2	0.8	(0.1)	3.0	8.5	9.6
SharpSpring Inc	0.1	(0.1)	(0.3)	(0.1)	(19.0)	3.4
TechTarget Inc	3.0	(0.3)	(4.3)	(4.0)	(0.9)	25.4
Median	0.2	0.8	5.5	12.9	34.2	26.9
Neosperience SpA	1.7	6.4	(2.9)	2.0	24.5	14.0

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	4.02	3.63	21.2	19.0	26.6	23.8	37.3	33.4
Adobe Inc	18.66	15.97	37.3	32.3	41.4	35.4	50.3	44.1
Alkemy SpA	1.04	0.90	10.9	9.0	14.7	11.7	22.8	16.5
Be Shaping the Future SpA	1.19	1.08	7.2	6.3	12.3	10.7	24.4	21.4
Digital360 SpA	1.83	1.59	9.2	7.8	14.7	12.4	23.8	19.2
dotDigital Group PLC	12.08	10.63	36.3	33.1	52.3	48.1	63.3	60.5
Gartner Inc	5.41	4.69	24.0	24.6	31.0	30.8	40.9	43.0
Growens SpA	0.88	0.76	11.8	8.1	35.0	15.2	59.3	24.3
HubSpot Inc	22.14	17.27	178.7	133.2	262.2	178.1	337.6	227.3
Kaleyra Inc	1.45	0.89	24.6	8.2	n.m.	18.8	n.m.	44.3
Maps SpA	1.43	1.14	5.9	4.5	10.5	8.1	14.4	11.2
Reply SpA	3.64	3.24	21.8	19.6	27.0	23.7	39.8	35.7
Salesforce.Com Inc	8.33	6.85	29.3	24.2	46.2	36.6	59.9	50.6
SharpSpring Inc	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
TechTarget Inc	8.83	7.51	25.8	22.2	35.4	27.8	33.7	31.9
Median	3.83	3.43	22.9	19.3	31.0	23.7	39.8	34.5
Neosperience SpA	2.23	1.74	9.8	7.0	54.9	18.4	156.5	31.9

Source: CFO Sim, Thomson Reuters Eikon



Income statement (€ m)	2019	2020	2021e	2022e	2023e
Revenues	13.9	16.4	19.2	24.3	31.9
Value of Production	17.5	19.6	22.2	27.4	34.9
Raw material and processing	(0.1)	(0.5)	(0.6)	(0.7)	(0.9)
Services	(9.7)	(7.1)	(8.8)	(10.8)	(13.8)
Personnel expenses	(3.4)	(5.7)	(6.2)	(7.2)	(8.5)
Other opex	(0.7)	(1.4)	(1.6)	(1.9)	(2.4)
EBITDA	3.6	4.8	5.1	6.8	9.3
D&A	(2.5)	(4.0)	(4.2)	(4.2)	(4.2)
EBIT	1.1	0.8	0.9	2.6	5.1
Financials	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
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	1.0	0.9	0.7	2.3	4.8
Income taxes	(0.0)	(0.5)	(0.2)	(0.7)	(1.4)
Minorities	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)
Net Profit	0.9	0.3	0.3	1.4	3.1
Balance sheet (€ m)	2019	2020	2021e	2022e	2023e
Net Working Capital	1.8	4.1	4.4	5.2	6.4
Net Fixed Assets	12.1	18.0	16.8	15.6	14.4
Equity Investments	0.9	1.0	1.0	1.0	1.0
Other M/L Term A/L	0.9	(1.0)	(0.8)	(1.0)	(0.5)
Net Invested Capital	15.7	22.1	21.4	20.9	21.3
Net Financial Debt	1.2	5.4	4.4	2.4	(0.3)
Minorities	0.3	0.7	0.9	1.1	1.4
Group's Shareholders Equity	14.2	16.0	16.2	17.3	20.1
Financial Liabilities & Equity	15.7	22.1	21.4	20.9	21.3
Cash Flow statement (€ m)	2019	2020	2021e	2022e	2023e
Total net income	0.9	0.3	0.3	1.4	3.1
Depreciation	2.5	4.0	4.2	4.2	4.2
Other non-cash charges	(2.5)	2.0	(0.2)	0.2	(0.4)
Cash Flow from Oper. (CFO)	0.8	6.2	4.3	5.8	6.8
Change in NWC	1.3	(2.3)	(0.3)	(0.8)	(1.1)
FCF from Operations (FCFO)	2.1	3.9	4.0	5.0	5.7
Net Investments (CFI)	(8.9)	(7.9)	(3.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(6.8)	(3.9)	1.0	2.0	2.7
CF from financials (CFF)	8.4	8.9	(0.0)	0.0	0.0
Free Cash Flow to Equity (FCFE)	1.6	4.9	1.0	2.0	2.7
Financial ratios	2019	2020	2021e	2022e	2023e
EBITDA margin	20.4%	24.7%	22.9%	24.7%	26.5%
EBIT margin	6.4%	4.2%	4.1%	9.4%	14.5%
Net profit margin	5.3%	1.3%	1.3%	5.2%	8.8%
Tax rate	3.6%	55.7%	30.0%	30.0%	30.0%
Op NWC/Sales	10.4%	21.2%	20.0%	19.1%	18.2%
Interest coverage x	10.64	7.78	3.74	10.71	21.04
Net Debt/EBITDA x	0.34	1.12	0.87	0.36	n.m.
Debt-to-Equity x	0.09	0.34	0.27	0.14	n.m.
ROIC	5.9%	1.2%	1.3%	6.8%	14.5%
ROCE	6.2%	2.7%	3.0%	8.0%	14.3%
ROACE	Neg.	3.4%	3.0%	8.2%	15.0%
ROE	6.5%	1.6%	1.8%	8.2%	15.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2019	2020	2021e	2022e	2023e
Number of shares # m	7.26	7.51	7.61	7.61	7.61
Number of shares Fully Diluted # m	8.21	8.45	8.55	8.55	8.55
Average Number of shares Fully Diluted # m	8.21	8.33	8.50	8.55	8.55
EPS stated FD €	0.11	0.03	0.03	0.17	0.36
EPS adjusted FD €	0.11	0.03	0.03	0.17	0.36
EBITDA €	0.43	0.58	0.60	0.79	1.08
EBIT €	0.14	0.10	0.11	0.30	0.59
BV €	1.77	1.98	1.99	2.16	2.52
FCFO €	0.25	0.47	0.47	0.58	0.67
FCFF €	(0.83)	(0.47)	0.11	0.23	0.32
FCFE €	0.19	0.59	0.11	0.23	0.32
Dividend €	0.00	0.00	0.00	0.00	0.00



1. Investment Summary.....	5
2. Neosperience in a Nutshell.....	6
3. IPO and Group Structure.....	8
4. The Reference Market: Digital Transformation.....	10
4.1. Marketing Technology	11
4.2. Customer Data Platform	12
4.3. Market Trends post Covid-19 pandemic	12
4.4. The Competitive Arena.....	14
5. Business Model.....	15
5.1. Neosperience Cloud's Innovative Applications.....	17
5.2. Value China.....	18
6. M&A Deals.....	19
7. Strategy	21
8. SWOT Analysis.....	22
9. Recent Results.....	23
9.1. FY-20 Results.....	24
10. Financial Forecasts.....	25
11. Valuation & Risks.....	29
11.1. DCF.....	30
11.2. Market Multiples	32
11.3. Peer Stock Performance.....	36
11.4. Risks.....	37



1. Investment Summary

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 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.

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. The Neosperience Cloud suite is composed of **nine ready-to-use solutions**, each of which responding to a specific customer need, from the implementation of an e-commerce platform to lead generation, from the creation of user insights to gamification. The complete platform as well as the single modular solutions are sold in **SaaS mode via user licences** which generate recurring fees, thus giving a high-degree of visibility to the group's turnover.

The group's strategy is based on the following pillars: 1) **Consolidation of the group's competitive positioning in the reference market** thanks to the state-of-the-art highly scalable Neosperience Cloud platform; 2) **International expansion**, by expanding the group's business to the US, the German-speaking area and the Asian-Pacific region (mainly China); 3) **M&A opportunities**, such as the acquisition of companies with proprietary cutting-edge software solutions able to enrich the group's offer or firms operating in one or more geographical areas not yet covered by Neosperience; 4) **Establishment of start-ups in selected promising niches**, such as Healthcare, Fintech, Insuretech, Legaltech, Sportech and Industry 4.0.

Our estimates show a top line CAGR₂₀₋₂₃ of 21.3%, as a result of 1) increasing sales of SaaS solutions based on Neosperience Cloud platform, 2) the addition of new vertical solutions, such as Neosperience Health Cloud, to the group's offer and 3) international expansion, mainly to the US and China. **EBITDA** is anticipated to grow at a **24.2% CAGR₂₀₋₂₃**, mainly as a result of the increase in sales of more lucrative SaaS solutions. CFO SIM forecasts **cumulated capex for € 9.0m** in the 2021-23 period, entirely related to the capitalisation of development costs due the evolution of the platform. **EBITDA/FCF conversion is anticipated at 25.8% on average in the 2021-23 period**, prompting a strong improvement in **Net Financial Position, expected at € 0.3m cash in 2023** (vs € 5.4m debt in FY-20).

CFO SIM initiates coverage of Neosperience with a Buy recommendation and PT of € 10.00/s, 66.1% upside to current price levels. In order to get a fair appraisal of Neosperience, we believe that the most appropriate methodology is a DCF model corroborated by a market multiple valuation. The DCF model better factors in the medium-/long-term value of the stock and avoids incorporating the increasing volatility of the stock market, which mainly involves the Tech sector. We run a DCF model using the following settings: $g=2\%$, $\beta=1$, $WACC=7.2\%$ and a sustainable 30:70 debt/equity balance-sheet structure. According to the **DCF model, we assign Neosperience a valuation of € 10.00/s.**

The key investment **risks** associated with Neosperience include: 1) fast technological development increasing competitive pressure; 2) possible ICT malfunctions; 3) profit margin dilution stemming from the acquisition campaign; 4) impact on the profit & loss and balance sheet profiles triggered by a deep decline in global economic growth or geopolitical instability; 5) departure of one, or a few, of the key people; 6) M&A execution being hampered by potential consolidating actors in the industry with huge firepower.

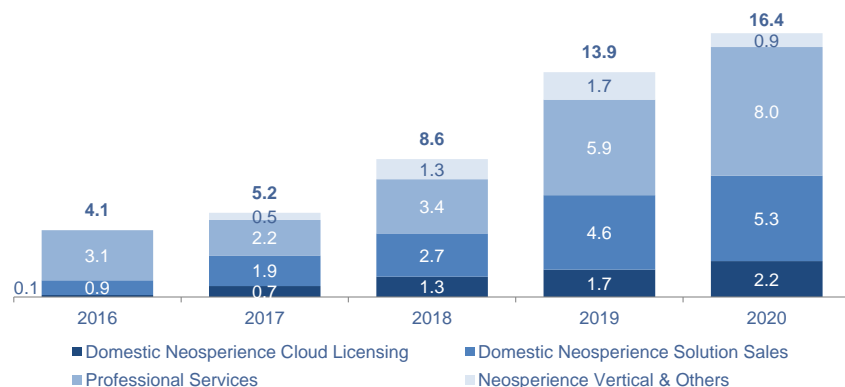


2. Neosperience in a Nutshell

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**. Neosperience was recently mentioned by Gartner among the top six most innovative software companies worldwide, alongside Salesforce and SAS. 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. 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.

Today Neosperience serves **over 700 customers in several different industries**, namely fashion & luxury, consumer goods, retail & distribution, energy, automotive, healthcare, travel & transportation, financial services, etc.. The group has **about 150 employees** and operates through several branches in Italy and a subsidiary in US. The company reported a **41.0% sales CAGR₁₆₋₂₀** mainly driven by the increasing sales of solutions based on the proprietary platform Neosperience Cloud as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena.

Chart 1 – Neosperience, 2016-20 revenues evolution



Source: CFO SIM elaboration on company data

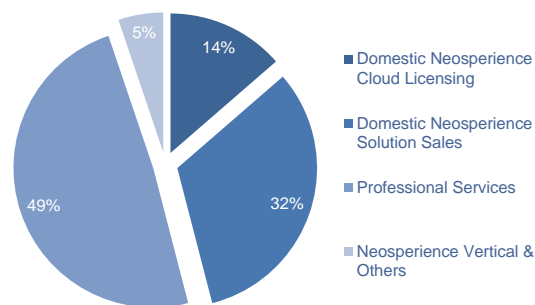
As of today, Neosperience's turnover is generated almost entirely in Italy and can be divided into four different categories:

- 1) **Domestic Neosperience Cloud Licensing**: the Neosperience Cloud platform is sold in SaaS mode, namely via **user licences** with three different configurations: 1) single modules with an annual price of € 14,800 each, 2) Standard platform at € 59,200 per year and 3) Enterprise platform at € 118,400 per year.
- 2) **Domestic Neosperience Solutions**: the group also provides its clients with **personalised, ready-to-use solutions**. They are based on the standard version of the Neosperience Cloud platform upgraded with some modules that fit the needs of specific industries (i.e. fashion & luxury, banking, retail). This business model is highly scalable: once Neosperience has developed a specific application solution for a certain client, it can also offer the same solution to other clients, thus exploiting several economies of scale.
- 3) **Professional Services** include several types of activities such as platform integration at customer's systems or the development of *ad-hoc* projects based on specific customer needs. This type of activity, even if less scalable than the previous one, is strategic for the group as it allows Neosperience **to capture knowledge of specific sectors which are useful to develop new innovative application solutions** and to improve the Neosperience Cloud platform.



- 4) **Neosperience Vertical & Others:** Neosperience has identified three promising industries where the Digital Customer Experience is a crucial competitive edge: Healthcare, Fintech and Industry 4.0. The group plans to develop three specific vertical solutions for the aforementioned sectors. In particular, in 2020 the group launched Neosperience Health Cloud, the first online platform dedicated to AI-assisted screening and health improvement.

Chart 2 – Neosperience, 2020 top line breakdown by business line



Source: Company data

FY-20 figures show **revenues of € 16.4m**, value of production of € 19.6m, **EBITDA of € 4.8m**, **24.7% margin** and Net Profit of € 0.3m. **Net Financial Position was € 5.4m**, corresponding to 1.1x NFP/EBITDA.

The Neosperience Cloud suite is composed of **nine ready-to-use solutions**, each of which responding to a specific customer 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** combined together like Lego bricks. Most of the solutions are developed internally, while only a few of them are developed by companies acquired by Neosperience, such as RubinRed and Lead Champion.

As mentioned before, the complete platform as well as the single modular solutions are sold in **SaaS mode via user licences** which generate recurring fees, thus giving a high-degree of visibility to the group's turnover. Neosperience caters to both SMEs and large enterprises with a go-to-market strategy based on **three sales channels**: 1) a **direct** channel, with a salesforce of 15 catering to medium and large enterprises, in the domestic and international arenas, as well as in the private and public sectors; 2) an **indirect** channel, whereby Neosperience enters into partnership agreements with consulting firms, system integrators and digital agencies in order to promote and market the group's platform and solutions; 3) a **community** of professionals operating in the Digital Customer Experience field worldwide, which is an important source of new business opportunities.

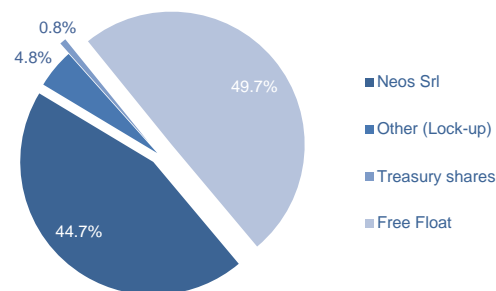
Furthermore, in 2020 the group launched **Neosperience Health Cloud**, the first online platform dedicated to AI-assisted screening and health improvement. The platform offers a **direct and constant connection between patients, specialists and general practitioners, nurses and caregivers**, and ensures direct accessibility to information and screening processes and support for diagnosis and prognosis. One of the most promising applications is in the diagnosis of Covid-19 infection. The platform is able to **analyse thoracic x-rays and echocardiographic exams** in order to identify Covid-19-related pathologies with an accuracy of almost 90%, thus preventing the onset of severities. In addition, in 2021 **the platform was upgraded in order to identify a Covid-19 infection by hearing the breathing and coughing as well as the heartbeat**. By analysing a brief conversation or some coughing, the system is able to determine if the patient has symptoms related to Covid-19.



3. IPO and Group Structure

Neosperience went public on AIM Italia 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** (€ 3.42/share in addition to 1 warrant per share). Pre-IPO shareholders have an 18-month lock-up. Furthermore, on **20-May-19**, Neosperience closed an **additional capital increase for a total amount of € 3.8m** (€ 7.00/share without any warrant).

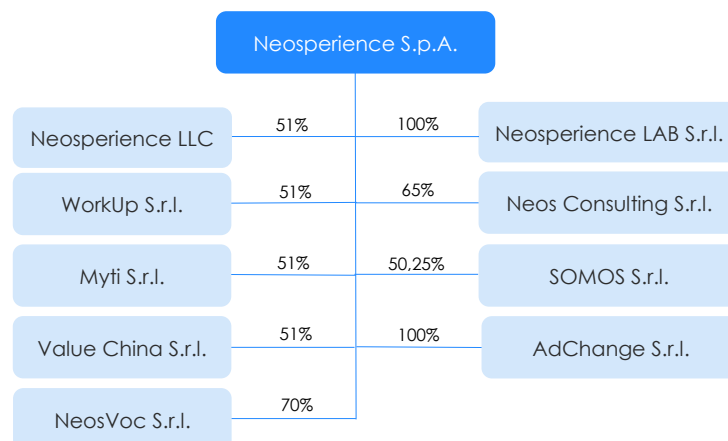
Chart 3 – Neosperience, current shareholder structure



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 for. The warrant exercise periods run between 15-Nov to, and including, 30-Nov in 2019, 2020 and 2021, respectively. The exercise price was € 3.77/s for the first exercise period, € 4.15/s for the second one and will be € 4.57/s for the third one, with a conversion ratio of 1 share for each warrant held. During the first and the second exercise periods 262,552 warrants were converted, therefore **943,948 warrants are still outstanding and they are widely in-the-money**.

Chart 4 – Neosperience, group structure (as of Jul-21)



Source: Company data

The scope of consolidation includes Neosperience SpA (the Issuer) and its subsidiaries:

- **Neosperience LLC** is the group's US-based branch, offering Neosperience solutions to foreign clients, mainly in the USA and Canada.
- **Neosperience Lab Srl** focuses on **R&D activities**, developing innovative solutions dedicated to process and product innovation. The company helps SMEs to run digital innovation and digital transformation projects in order to better compete in the new digital world.
- **Neos Consulting Srl** operates in the "enterprise" segment, providing its clients with professional services for the implementation of *ad-hoc* projects aimed at integrating innovative digital solutions in the business processes.



- **WorkUp Srl**, acquired in 2020, is **the Italian leader in providing e-commerce platforms**. The firm developed **RubinRed**, an e-commerce platform entirely customisable and embeddable in all the major ERP and CRM systems. WorkUp caters to both large enterprises and SMEs wanting to have a directly-managed online sales channel.
- **Myti Srl**, acquired in 2020, has over 10 years of experience in the “enterprise” segment. The firm developed **Declaro**, a cutting-edge product configurator embeddable in all the major ERP and CRM systems.
- **SOMOS Srl** (Smart Oriented Mobility Solutions) is an academic spin-off of the University of Calabria, offering innovative solutions for mobility management, transportation and logistics. The company develops high-tech products and services aimed at improving the public and private mobility.
- **AdChange Srl**, acquired in 2020, internally developed “Lead Champion”, a software for the lead generation to support marketing activities and B2B sales.
- **House of Key Srl**, acquired in 2019, controls Mikamai, LinkMe and JackMagma. **Mikamai** develops machine learning and deep learning highly scalable cloud-based solutions. **LinkMe** (merged by incorporation into Mikamai in 2020) makes digital products for the web and mobile devices based on serverless technologies. **JackMagma** provides service design activities focused on user experience and on the Design Thinking methodologies. In 2021 House of Key Srl was merged into Neosperience SpA.
- **Value China Srl** is a leading cross-cultural company based in Italy helping domestic companies that want to work on projects with China.
- **NeosVoc Srl** markets NeosVoc, a new platform developed by Neosperience helping companies to deeply understand the voice of customers by identifying their needs all along the customer journey.

The board of directors is composed of 6 members, one of whom is an independent director.

Table 1 – Neosperience, Board of Directors

Name	Role
Dario Melpignano	Founder, Chairman and CEO
Luigi Linotto	Founder and Executive Vice President
Lorenzo Scaravelli	Director, Investor Relator and Corporate Development Manager
Matteo Linotto	Director
Laura Patrini	Director
Severino Merregalli	Independent Director

Source: CFO SIM elaboration on Company data

The management team is composed of several key relevant people:

- **Dario Melpignano** is the **co-founder** of the company and today serves as **CEO and Chairman** of the group. He has a consolidated experience in the digital sector, having founded and managed FullSix (formerly DNM), one Europe’s main web agencies in the 2000s. In 2007 he and his team worked on the development of the first apps for the launch of the iPhone 3G in Europe, laying the foundation for the development of the Neosperience Cloud platform.
- **Luigi Linotto** is the co-founder of the company and today serves as Executive Vice President of Neosperience. He has more than 30 years of experience in the creation of sales channels for the platforms on which Neosperience Cloud is based.
- **Lorenzo Scaravelli** serves as Investor Relator of the group and is in charge of the Corporate Development activities. He has more than 30 years of experience in the corporate finance sector, with specific focus on private equity, M&As and IPOs.



4. The Reference Market: Digital Transformation

Digital transformation is the practice of **using digital technologies to create new business processes**, culture, and customer experiences to meet changing business and market requirements. Digital transformation enables organisations to improve their operational performance, customer experience, brand reputation, and customer retention ratios. In 2020, **digital transformation experienced an unprecedented acceleration** to satisfy the need of remote working and education and new social norms stemming from rapid spread of Covid-19.

In 2021, the **global IT spending is anticipated to grow by 6.2%, reaching over \$ 3,900bn**. All IT spending segments are forecast to return to growth in 2021. Enterprise software is expected to have the strongest rebound (up by 8.8%) as remote work environments have expanded and improved, followed by the devices segment (up by 8.0%).

Table 2 – Neosperience, global IT spending

\$ m	2020	% YoY	2021	% YoY	2022	% YoY
Data Center Systems	214,985	0.0%	228,360	6.2%	236,043	3.4%
Enterprise Software	465,023	-2.4%	505,724	8.8%	577,406	10.2%
Devices	653,172	-8.2%	705,423	8.0%	714,762	1.3%
IT Services	1,011,795	-2.7%	1,072,581	6.0%	1,140,057	6.3%
Communication Services	1,349,891	-1.7%	1,410,745	4.5%	1,456,637	3.3%
Overall IT	3,694,867	-3.2%	3,922,833	6.2%	4,104,906	4.6%

Source: Gartner – January 2021

According to the Assinform report “**Il Digitale in Italia 2020**”, in 2020, **the Italian digital economy** totalled € 70.5bn (down 0.6% YoY), showing strong resilience in a year impacted by the Covid-19 pandemic.

Table 3 – Neosperience, Italian Digital Economy

€ m	2018	2019	% YoY	2020	% YoY
Content & digital advertising	11,156	12,093	+8.4%	12,526	+3.6%
Network services	21,752	20,718	-4.8%	19,391	-6.4%
ICT services	11,623	12,302	+5.8%	12,702	+3.3%
Software & ICT solutions	7,136	7,694	+7.8%	7,517	-2.3%
Devices & Systems	18,807	19,125	+1.7%	19,368	+1.3%
Total	70,473	71,932	+2.1%	71,504	-0.6%

Source: Assinform - Il Digitale in Italia 2021

The **digital economy market** comprises several segments, namely content & digital advertising, network services, ICT services, software & ICT solutions and devices & systems. The **most promising niches** within the different segments of the Italian digital economy market are **Internet of Things, Cyber Security, Cloud, Big Data and Analytic Solutions**, that is to say the catalysts of the digital economy.

Neosperience operates mainly in the Software & ICT solutions and ICT services segments. The first experienced a slight slowdown in 2020, declining 2.3% YoY to € 7.5bn as a result of a temporary postponement of certain IT investments by SMEs due to the pandemic. Instead, in 2020, **ICT services grew by 3.3% YoY** to € 12.7bn, mainly thanks to the massive increase of **Cloud services, up by 20.4% YoY to € 3.4bn**. In particular Infrastructure-as-a-Service solutions totalled € 1.8bn, Platform-as-a-Service solutions € 0.2bn and Software-as-a-Service solutions € 1.4bn.

Table 4 – Neosperience, Italian Digital Economy's expected evolution trend

€ bn	2020	2021e	2022e	2023e	2024e	% CAGR ₂₀₋₂₄
Base case scenario ¹	71.5	74.0	76.8	79.9	83.1	3.8%
High-Profile scenario ²	71.5	77.6	83.9	89.7	94.2	7.1%
Medium-Profile scenario ³	71.5	76.5	81.8	86.8	90.9	6.2%
Low-Profile scenario ⁴	71.5	75.8	80.4	84.8	88.7	5.5%

Source: Assinform - Il Digitale in Italia 2021

¹ Organic growth, namely without the National Recovery and Resilience Plan - NRRP funds

² By using 100% of NRRP funds

³ By using 70% of NRRP funds

⁴ By using 50% of NRRP funds



The reference market is a growing arena with expected further acceleration in coming years, also considering that the gap between the domestic market and the rest of the world can be closed thanks to the huge resources stemming from the **National Recovery and Resilience Plan - NRRP**. In particular, almost **€ 50bn will be dedicated to the digital transformation of businesses and public administrations**. Excluding the potential boost stemming from the NRRP resources, the domestic digital market **is expected to grow at a 3.8% CAGR₂₀₋₂₄ reaching € 83.1bn in 2024**.

4.1. Marketing Technology

In detail, **Neosperience operates in the marketing technology sector (MarTech)**. It is composed of an ecosystem of cloud solutions and technological applications used by companies to develop and improve their digital marketing strategies. The marketing technology landscape is growing fast and is populated by a lot of small-medium players, often focused on a peculiar niche or segment, as well as a few large companies providing a vast range of products and services. **In 2020, the application solutions belonging to the MarTech sector are expected to exceed 8,000**, vs. 7,040 at end-19 and only 150 in 2011.

In this variegated and highly fragmented market, six key market segments can be identified:

- **Advertising & Promotion:** mobile marketing, advertising, print and PR.
- **Content & Experience:** mobile apps, email marketing, content marketing, SEO, marketing automation, lead management and CMS.
- **Social & Relationship:** CRM, events, webinars, meetings, social media marketing, influencer and customer experience.
- **Commerce & Sales:** retail & proximity marketing, sales automation and ecommerce.
- **Data:** data marketing, analytics, customer data platform, predictive marketing and artificial intelligence.
- **Management:** talent management, product management, budgeting & finance, lean management and vendor analysis.

Neosperience is a vertically integrated player offering its clients a wide range of solutions, with particular focus on **digital customer experience**, a relatively young and highly fragmented niche of the MarTech sector. As of today, clients expect to be treated as individuals and no longer as numbers and statistics as it used to be in mass production. Thus, the improvement of the customer experience has become extremely important both for B2B and for B2C companies in order to increase sales, build a strong brand identity and strengthen customer loyalty. **An outstanding digital customer experience is no longer a nice-to-have. It's a mission-critical differentiator for every business.** Brands that combine three essential elements, namely great products, powerful digital experiences, and memorable human connections, have customers who are more engaged, more satisfied, and more loyal. The new **customer-centric approach** has revolutionised the marketing activity, which is no longer based only on promotion, sales and advertising but is now focused on big data, customer analytics, artificial intelligence and omni-channel approaches.



4.2. Customer Data Platform

A remarkable driving trend of the MarTech industry is the sharp growth of **Customer Data Platforms (CDPs)**, defined by the CDP Institute in 2013 as “packaged software that maintains a unified, persistent customer database that is accessible to external systems”. This definition describes several types of marketing systems that shared the ability to build a unified customer database (very unusual at the time). The industry has grown quickly as marketers recognised the need for unified data and the shortcomings of alternatives such as data warehouses, data lakes, CRM tools, and DMPs. European growth was further boosted by CDP features that help companies to comply with the General Data Protection Regulation (GDPR, introduced in May-18). The **Customer Data Platforms industry segment is estimated at \$ 1.3bn in 2020 and is expected to reach \$ 1.5bn in 2021 (up 19.2% YoY).**

Neosperience is well positioned to benefit from the CDP segment’s growing trend thanks to the Neosperience Cloud platform, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new clients and increase the value of existing ones.

4.3. Market Trends post Covid-19 pandemic

The **Covid-19 pandemic has significantly impacted businesses worldwide**. The major challenge for the global economy in 2020 was to ensure business continuity amid social distancing norms, lockdowns, work-from-home policies, and other operational challenges. The non-availability of digital strategies, tools, or infrastructure exacerbated the challenges for several organisations that were required to suddenly push operations online or enable employees to work remotely from their homes.

The pandemic scenario led to a **significant increase in awareness about the pressing need for digital transformation** across most industries and helped open a few growth opportunities for the market. Organisations are increasingly learning the benefits of digital transformation, especially in the remote work that requires a business to enable the workforce to seamlessly collaborate and carry out organisational functions remotely. As such, businesses and enterprises are increasingly opting for digitisation, digitalisation and digital transformation. **The application of advanced technology is helping businesses to enhance efficiency and productivity** and is offering them an opportunity to further implement digital transformation across their processes.

Artificial intelligence (AI), machine learning (ML), data analytics and business intelligence technologies are unquestionably **key enablers for digital innovation** and digital business acceleration. Multiple usage of cloud-based applications in various industries such as medicine, online retail, production, banking, finance and insurance, coupled with the rising complexity of cyber-crimes, offers **exciting opportunities to expand the utilisation of artificial intelligence in several industries**. In particular, the medical industry is projected to considerably benefit from AI applications: in the clinical health care procedures, AI will assist in improving the precision and efficacy in diagnosing the disease, suggesting treatments, and predicting results. In this field, in 2020 Neosperience developed and launched **Neosperience Health Cloud**, the first online platform dedicated to AI-assisted screening and health improvement, which was also used in the diagnosis of the Covid-19 infection. The platform uses AI algorithms and machine learning techniques to detect the infection with Covid-19, by analysing thoracic x-rays and echocardiographic exams as well as by hearing the breathing, the coughing and the heartbeat of a patient.



In the post-Covid world, the new awareness of technology as an enabler for response and resilience, has increased the importance of the Chief Information Officer role in all organisations, whether they are large enterprises or SMEs.

CIOs have to keep the good momentum of digital transformation going, pursuing digital initiatives at accelerated speed, and seize the opportunity, created by the Covid-19 disruption, to foster digital business acceleration. We can identify **five fundamental digital capabilities for having success in a post-Covid environment**:

- 1) Delivering an **excellent Customer Experience** by combining data analytics with emotions, thanks to cutting-edge AI-enabled customer intelligence solutions.
- 2) **Improving business operations by using data, statistics and analytics**, collected and elaborated by AI-based software solutions in order to provide useful insights and information to make decisions.
- 3) Investing in **reskilling and upskilling employees** and reimagining the way they work, by also listening to the employee's experience, not only to the customer's.
- 4) A business model based on a **multi-sided platform strategy** able to improve the specific capabilities of a company thanks to technology.
- 5) A cutting-edge **digital IT infrastructure** with advanced back-end systems coupled with software applications able to collect and process huge amount of data.

Disruption caused by Covid-19 has created several business opportunities to be seized by IT services providers from today until 2024. According to Gartner, **global IT spending is projected to increase by \$ 1,300bn in the 2020-24 period**. The key growth areas have been identified with:

- 1) **Hybrid IT compute** acceleration (\$ 61bn), with focus on data centres & hosting and Infrastructure-as-a-Service solutions.
- 2) **Cloud-to-digital business consulting** offerings (\$ 194bn), namely cloud consulting and digital business consulting.
- 3) **Cloud-to-digital business migration** offerings (\$ 297bn), with focus on cloud migration and digital business migration.



4.4. The Competitive Arena

The MarTech segment is vast, complex and extremely interconnected. In this competitive arena a lot of start-ups and micro/small companies coexist with a few giants such as Adobe, IBM, Oracle, Salesforce and SAP. Smaller companies are generally managed by their founders and operate within a specific market niche, while the biggest players cover multiple and diversified segments at the same time.

The market is relatively young and is promisingly growing, so it has not reached a stable structure yet: at least 1,500 solutions in marketing technologies were launched in 2020 and more than 500 were either acquired by some large players or simply discontinued. As to the marketing software market, among the main operations that have been announced or finalised recently, we may note the acquisitions of Sendgrid by Twilio, of Adestra by Upland Software, of iContact by J2 of Global, Sailthru by CM Group, of Marketo by Adobe, of Newsletter2Go by Sendinblue, of Mulesoft and Evergage by Salesforce, of IMI Mobile by Cisco, of Segment by Twilio, and of BlueVeen by Upland Software.

Within the Italian MarTech arena, the most relevant deal was the **acquisition of a majority stake in Jakala by the private equity fund Ardian in Feb-21, valuing the company almost € 500m** (source Reuters). With a turnover of almost € 300m and over 1,000 employees, Jakala is a leading MarTech player in Europe. The group provides its clients, mainly large enterprises, with software solutions and advisory services supporting the digital transformation in the sales & marketing field.

Neosperience is unquestionably well positioned in the domestic MarTech arena, as the group provides its clients with an extensive range of services and software solutions able to help businesses in their digital transformation. The Neosperience's offer is based on the highly scalable Neosperience Cloud platform, which is entirely modular and customisable on specific customer needs. Neosperience offers its products and services both to large enterprises and to SMEs, thus competing with different players. In particular:

- **Large accounts** typically work with big advisory firms, such as Deloitte Digital or Accenture, on ad-hoc digital transformation projects, or with international software providers, like Salesforce, Adobe, SAS or HubSpot, on specific software solutions. However, **Neosperience has the advantage of being more flexible and open to customisation.** Furthermore, as the Neosperience Cloud platform is offered as a SaaS solution, Neosperience's clients can rely on a **constantly updated product**, without the need to invest additional money in order to customise or improve an ad-hoc solution originally adopted.
- **SMEs** are increasingly focusing on digital transformation, looking for the right partner to face a sort of business revolution. System integrators, web agencies or small players providing specific solutions may be potential competitors of Neosperience in this market segment. However, **Neosperience's competitive advantage is the ability to offer a wide range of services and ready-to-use solutions**, helping SMEs to build a new innovative data-driven and customer-centric business model. Furthermore, the **modularity of the Neosperience Cloud platform** allows customers to choose only the solutions they need, with the possibility to add other ones at a later time.



5. Business Model

Neosperience is a **leading Italian software company**, providing its clients with several software solutions aimed at helping businesses to acquire new clients and increase the value of existing ones. 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 the customer personality. In this way, companies adopting Neosperience's solutions are able to understand and engage their clients as well as to increase customer loyalty and, consequently, increase their brand value, revenues and margins.

Chart 5 – Neosperience, the group's approach to digital transformation

Your Transformation = Digital Platform + Digitization
Your new business models and digital products meet your operational excellence

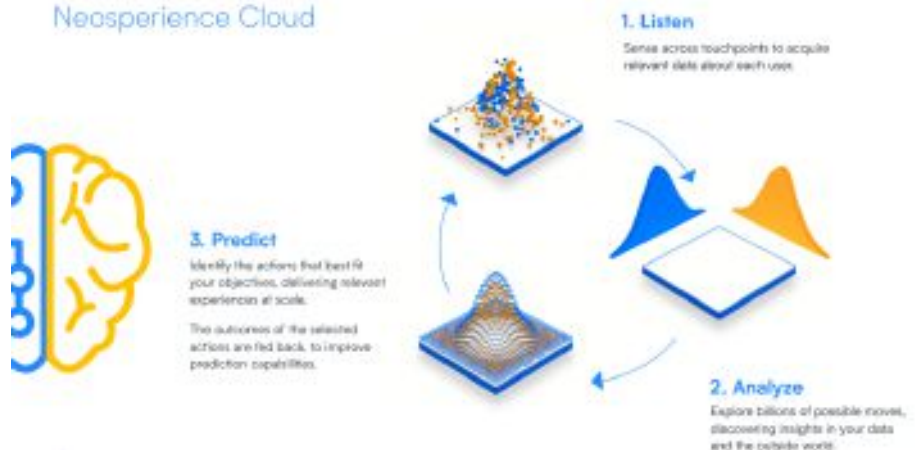


Source: Company presentation

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 with three different configurations: 1) single modules with an annual price of € 14,800 each, 2) Standard platform at € 59,200 per year and 3) Enterprise platform at € 118,400 per year.

Chart 6 – Neosperience, the Neosperience Cloud platform

Neosperience Cloud

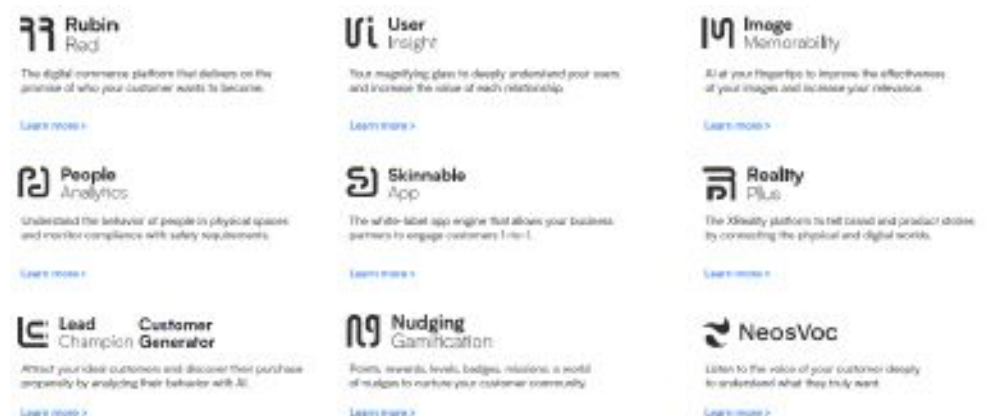


Source: Company presentation



Through the Neosperience Cloud platform, businesses can: 1) **'Listen'** to customers' needs across all touchpoints by analysing their behaviours and, consequently, defining the customer profile; 2) **'Analyse'** billions of customers' data and consequently elaborate useful insights to 3) **'Predict'** the best call-to-action and create relevant experiences at scale, such as personalised advertising, nudging, gamification, proximity marketing and so on. Neosperience Cloud is able to **combine rationality with emotion**, blending hard data (web and mobile analytics, device sensors, demographics, location, environmental data and third-party data) with soft data (customer voice, social data, personality, lifestyle, values, needs & desires, behaviour). The platform helps firms to grow and turn prospects into customers by adopting an omni-channel approach.

Chart 7 – Neosperience, ready-to-use solutions included in Neosperience Cloud



Rubin Road
The digital commerce platform that delivers on the promise of who your customer needs to become.
[Learn more >](#)

User Insight
Your magnifying glass to deeply understand your users and increase the value of each relationship.
[Learn more >](#)

Image Memorability
All at your fingertips to improve the effectiveness of your images and increase your relevance.
[Learn more >](#)

People Analytics
Understand the behavior of people in physical spaces and monitor compliance with safety requirements.
[Learn more >](#)

Skinnable App
The white-label app engine that allows your business partners to engage customers 1-to-1.
[Learn more >](#)

Reality Plus
The XReality platform to test based and product driven by connecting the physical and digital worlds.
[Learn more >](#)

Lead Champion Customer Generator
Attract your ideal customers and discover their purchase propensity by analyzing their behavior with AI.
[Learn more >](#)

Nudging Gamification
Points, rewards, levels, badges, missions, a world of edges to nurture your customer community.
[Learn more >](#)

NeosVoc
Listen to the voice of your customer deeply to understand what they truly want.
[Learn more >](#)

Source: Company presentation

Neosperience's as-a-service offer is composed of **nine 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 customer 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 combined together like Lego bricks.

As mentioned before, the complete platform as well as the single modular solutions are sold in **SaaS mode via user licences** which generate recurring fees, thus giving a high-degree of visibility to the group's turnover. Neosperience caters both to SMEs and to large enterprises: as of today, the group serves **over 700 customers in several different industries**. The go-to-market approach is based on three sales channels:

- **Direct channel:** the group has a salesforce of **15** catering to medium and large enterprises, in domestic and international markets, in the private and public sectors. The salesforce presents customers with the existing product portfolio as well as with the design of ad-hoc solutions and the development of complex projects.
- **Indirect channel:** Neosperience has signed partnership agreements with consulting firms, system integrators and digital agencies in order to promote and market the group's platform and solutions. This channel is strategic to offer Neosperience Cloud to small and medium enterprises.
- **Community:** Neosperience has built a significant community of professionals operating in the Digital Experience field worldwide. The community is constantly updated about the sector's latest news and opportunities thanks to a dedicated blog, a newsletter, several webinars and Neosperience's social network profiles (LinkedIn, Twitter and Facebook). This channel is an important source of new business opportunities.



Chart 8 – Neosperience, customer portfolio



Source: Company presentation

From a technical point of view, **Neosperience Cloud** is based on the advanced technological infrastructure of Amazon Web Services (AWS). The platform, which **is the result of more than ten years of work**, corresponding to almost 100 man/years, was developed by a team of over 50 people, including designers, psychologists, engineers, computer scientists and data scientists. 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, such as Healthcare, Fintech, Insurtech, Legaltech and Industry 4.0. Thanks to a continuous upgrade process, **the platform is constantly updated to the latest technological evolution**. Thus, Neosperience's clients can always benefit from a state-of-the-art product, without the need to invest additional money in order to customise or improve an ad-hoc solution originally adopted.

5.1. Neosperience Cloud's Innovative Applications

In 2020, the group launched **Neosperience Health Cloud**, the first online platform dedicated to AI-assisted screening and health improvement. The platform 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. The platform has already been used to develop some unique solutions based on specific customer requests. One of the most promising applications is in the diagnosis of the Covid-19 infection. Together with several partners, Neosperience developed **DIMASDIA – Covid-19 Detector**, a digital platform using AI algorithms and machine learning techniques to detect the infection with Covid-19. The platform is able to **analyse thoracic x-rays and echocardiographic exams** in order to identify Covid-19-related pathologies with an accuracy of almost 90%, thus preventing the onset of severities. Furthermore, in 2021 **the platform was upgraded in order to identify a Covid-19 infection by hearing the breathing and coughing as well as the heartbeat**. By analysing a brief conversation or some coughing, the system is able to determine if the patient has symptoms related to Covid-19.



Moreover, last May-21 Neosperience launched **“Sofia”, the first empathic virtual assistant** based on the Neosperience Cloud platform and on GPT-3, the natural language processing technology developed by OpenAI, one of the main non-profit companies in the field of Artificial Intelligence worldwide. Sofia is able to speak 51 different languages, facing an extensive range of topics thanks to an embedded strong machine learning model. **Sofia's 3D-avatar is completely customisable**, also in terms of gender and race. The avatar is able to adapt its body language, facial expressions and hand movements to what it is saying. Furthermore, the avatar understands the personality and the mood of its interlocutor and consequently elaborates dynamic, hyperrealist and customised answers. Sofia may have a lot of applications, namely in the healthcare, bank & insurance and art & culture industries as well as in back office or customer support activities.

5.2. Value China

In Nov-19, Neosperience established **Value China**, a cross-cultural **Italy-based “Innovative Start-up”** focused on providing digital products and services both to domestic companies that want to expand their digital business to China and to Chinese firms that want to sell their products and services to Europe. The ultimate goal of Value China is to position Neosperience as the reference company in the connection between the European and Asian digital platforms. In detail, Value China focuses on:

- Providing **Chinese businesses** with successful digital products able **to expand their activities to Europe**.
- Helping **European companies**, namely Neosperience's actual or prospect clients, to understand the peculiar digital dynamics of the Chinese market in order **to expand their activities to the Asian-Pacific area**. In particular, Value China supports its clients in developing software solutions aimed at marketing products and services on the main Chinese e-commerce platforms, such as Alibaba or WeChat. It is worth mentioning that Value China was selected as the **official reseller of Tencent Cloud in Italy**. Tencent Cloud, part of the Tencent group (developer of WeChat), is the main player in the Chinese cloud industry. It offers several kinds of services, such as cloud computing and remote data processing. Thanks to this partnership, the Neosperience group is able to provide its clients with 360-degree consultancy and technological development support for the whole high-tech system of Tencent/WeChat. One of the tools developed on the Tencent Cloud solutions is **Winease**, a digital platform aimed at **promoting and selling Italian wine in China**.
- **Promoting Chinese tourism in Italy** by using an innovative digital approach based on the **Neosperience Tourism Cloud platform**, a vertical application of the standard Neosperience Cloud platform dedicated to tour operators. The platform allows to create useful mini-apps to facilitate Chinese tourists' holidays in Italy, for example by helping them to easily book a taxi, a hotel or a restaurant. In Jun-20, Tencent and Neosperience launched **WeChat Tourism**, an important initiative aimed at promoting the Italian artistic, cultural and natural heritage in China in order to restore a significant post-Covid tourism flow. Through several innovative technological solutions and intelligent platforms, the group will be able to inspire and guide Chinese tourists to their favourite destination by communicating with them through WeChat, the app they use most every day.



6. M&A deals

Neosperience has a proven track record in acquisitions and in their integration in a fragmented, fast-growing arena, as shown by **a few strategic M&A deals made since the IPO**. Thanks to the proceeds collected with the IPO in 2019 and the further capital increase in the same year for a combined consideration of € 7.9m, the group was able to almost double its size and to enlarge its selling proposition in terms of new products/services provided. More in detail:

- In **Oct-19**, Neosperience acquired **51% of House of Key Srl for € 672k**, € 505k of which paid in cash and the remaining € 167k paid through 18,500 NSP shares. A Put & Call option was set on the remaining 49% of House of Key and was exercised by Neosperience last Oct-20. **Neosperience paid € 949k for the remaining 49%** of House of Key's share capital, € 147k of which in cash and the remainder through 130,500 NSP newly-issued shares.

The House of Key group includes Mikamai, LinkMe and JackMagma. **Mikamai** develops machine learning and deep learning highly scalable cloud-based solutions. **LinkMe** (merged by incorporation into Mikamai in 2020) makes digital products for the web and mobile devices based on serverless technologies. **JackMagma** provides service design activities focused on user experience and Design Thinking methodologies. At the time of the closing, the group had a **turnover** to the tune of **€ 3.0m** with an **EBITDA margin in excess of 10%**.

The **deal rationale** lies in 1) the opportunity to strengthen the group's know-how in developing innovative products, 2) the expansion of its client portfolio with consequent cross-selling and up-selling opportunities and 3) the strengthening of the management team.

- In **Jun-20**, Neosperience acquired **51% of WorkUp Srl**, a leading player in the digital commerce segment. **The price paid for 51% of the company was € 1.1m**, € 376k of which paid in cash and the remainder through 80,500 NSP shares. On the remaining 49% of WorkUp's share capital a Put & Call option was set to be exercised by Jul-22 based on the average adjusted EBITDA in the 2019-21 period: if the annual average EBITDA is higher than € 350k, Neosperience will pay an EV/EBITDA multiple of 7.0x, otherwise the multiple will be 6.0x. In both cases the acquisition of the remaining 49% of WorkUp's share capital will be financed through NSP newly-issued shares.

Originating in 1996 in Bassano Del Grappa (Vicenza, Veneto), today WorkUp is an 'Innovative SME' developing **software and digital services dedicated to e-commerce**. Thanks to the proprietary platform *RubinRed*, WorkUp is able to provide its clients, both large enterprises and SMEs, with a turn-key solution to directly manage their online sales channels. At the time of the closing, the firm had a **turnover** of over **€ 2.0m** with an **EBITDA margin in excess of 18%**.

The **integration of WorkUp allows Neosperience to** 1) enlarge its offer in the digital commerce niche, by adding the *RubinRed* platform to the group's product portfolio, 2) expand its client portfolio, thus exploiting cross-selling and up-selling opportunities and 3) strengthen its management team.

- In **Aug-20**, Neosperience acquired **51% of AdChange Srl**, a Turin-based company with a consolidated experience in developing solutions for the **lead generation**. **The price paid for 51% of the company was € 255k**, € 145k of which paid in cash and the remainder through 21,500 NSP shares. On the remaining 49% of AdChange's share capital a Put & Call option was set to be exercised by Jul-23 based on the average reported EBITDA in the 2021-22 period: if the annual average EBITDA is higher than € 110k, Neosperience will pay an EV/EBITDA multiple of 7.0x, otherwise the multiple will be 6.0x. In both cases the acquisition of the remaining 49% of AdChange's share capital will be financed through NSP newly-issued shares.



Founded in Turin in 2019, AdChange developed Lead Champion, a software solution based on Artificial Intelligence and Machine Learning able to provide users with an in-depth analysis of all the views on different digital touchpoints, i.e. websites, apps and chatbots. In the first 12 months of activity, the firm generated revenues for € 370k, with an EBITDA of € 90k (24% margin) and a net cash position of € 100k.

The **deal rational** includes the enlargement of the group's selling proposition, by adding a software solution for the lead generation as well as the opportunity to exploit several cross-selling and up-selling opportunities.

- In **Oct-20**, Neosperience acquired **51% of Myti Srl**, a software company based in Brescia (Lombardy) helping SMEs in the digital transformation. **The price paid for 51% of the company was € 700k**, € 175k of which paid in cash and the remainder through 102,000 NSP shares. In addition, an earn-out will be recognised in Jul-21 on the back of the FY-20 reported EBITDA. Moreover, **a further consideration of € 399k will be paid to the sellers in six six-monthly instalments in the 2021-23 period**. On the remaining 49% of Myti's share capital a Put & Call option was set to be exercised by Jun-24 based on the average adjusted EBITDA in the 2022-23 period: if the annual average EBITDA is higher than € 500k Neosperience will pay an EV/EBITDA multiple of 7.0x; if the annual average EBITDA is between € 450k and € 500k, Neosperience will pay an EV/EBITDA multiple of 6.5x; if the annual average EBITDA is between € 400k and € 450k, Neosperience will pay an EV/EBITDA multiple of 6.0x. In any case the acquisition of the remaining 49% of Myti's share capital will be financed through NSP newly-issued shares.

Set up in Brescia in 2007, Myti developed several software solutions dedicated to the digital transformation of SMEs. In particular: *Declaro*, a cutting-edge product configurator embeddable in all the major ERP and CRM systems; *Bleen*, a search engine able to connect and simplify all enterprise processes; *Elibra*, a management system specific for the legaltech and advanced tertiary sectors. At the time of the closing, the group had a **turnover** to the tune of **€ 2.0m** with an **EBITDA margin in excess of 20%** and a neutral NFP.

The deal allows Neosperience to 1) increase its knowledge in highly specialised niches, such as machine learning, data analytics and big data, 2) expand its client portfolio, thus exploiting cross-selling and up-selling opportunities and 3) strengthen its management team.



7. Strategy

On the back of the solid growth path recorded since its establishment and especially in the last five years (CAGR₁₆₋₂₀ of 41.0%), 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 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, namely 1) provide Chinese businesses with successful digital products able to expand their activities in Europe, 2) help European companies to understand the peculiar digital dynamics of the Chinese market in order to expand their activities in the Asian-Pacific area and 3) promote Chinese tourism in Italy by using an innovative digital approach based on the Neosperience Tourism Cloud platform. In the 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 and Myti. 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, Insuretech, 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.

Just to give some examples: **Neosurance**, founded in 2016, offers a bespoke insurance policy in a few seconds through a mobile app developed with the Neosperience Cloud platform; **Bikevo**, established in 2017, offers a mobile app based on Neosperience Cloud able to provide cyclists with customised training proposed by a virtual coach that incorporates the skills of a professional trainer; **WizKey**, founded in 2018, is a web-based application platform aimed at innovating the trade in credits using the blockchain.



8. 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 achieve 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 exploit to its advantage.
- **Threats:** elements in the environment that could cause trouble 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-based Customer Data Platform**, internally developed: Neosperience Cloud
- ❑ SaaS-based business model: a **huge slice of revenue is recurring**
- ❑ **Low client concentration:** over 700 clients

WEAKNESSES

- ❑ **Limited international presence**
- ❑ Few key relevant people representing a **vital asset** for the company
- ❑ **Sizeable intangible assets** (almost 90% of total assets)

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



9. Recent Results

Since its establishment, Neosperience has been persistently growing, realising € 16.4m in revenues in 2020. In the last five years the company has recorded outstanding growth at a CAGR₁₆₋₂₀ of 41.0%, mainly thanks to the increasing sales of proprietary solutions based on the Neosperience Cloud platform as well as to the consolidation of some companies strategically acquired since the IPO.

Table 5 – Neosperience, FY 2016-20 results summary

€ m	2016	2017	2018	2019	2020	% CAGR ₁₆₋₂₀
Domestic Neosperience Cloud Licensing	0.1	0.7	1.3	1.7	2.2	107.3
Domestic Neosperience Solution Sales	0.9	1.9	2.7	4.6	5.3	55.3
Professional Services	3.1	2.2	3.4	5.9	8.0	26.6
Neosperience Vertical & Others	-	0.5	1.3	1.7	0.9	n.a.
Total Revenues	4.1	5.2	8.6	13.9	16.4	41.0
Value of Production	6.2	7.9	11.8	17.5	19.6	33.1
EBITDA	1.6	1.5	3.4	3.6	4.8	32.0
% margin	25.5	19.6	28.6	20.4	24.7	
EBIT	0.2	0.5	0.5	1.1	0.8	37.1
% margin	3.7	6.0	4.5	6.4	4.2	
Net Profit	0.1	0.7	0.4	0.9	0.3	36.0
% margin	1.2	8.3	3.7	5.3	1.3	
Net Financial Position	2.0	2.3	3.5	1.2	5.4	28.8

Source: Company data, CFO SIM analysis

In the last five years, Neosperience has invested a massive amount of resources in order to develop the Neosperience Cloud platform. The platform **was developed thanks to more than 100 man/years**, by a team of over 50 people, including designers, psychologists, engineers, computer scientists and data scientists.

Total **revenues grew at a CAGR₁₆₋₂₀ of 41.0%**, increasing from € 4.1m in 2016 to € 16.4m in 2020. The sharp increase in revenues was mainly related to the sales of the entire Neosperience Cloud platform or specific Solutions via user licences, namely in SaaS mode.

EBITDA grew slightly less than proportionately to top line (**CAGR₁₆₋₂₀ of 32.0%**), as the sales increase of more lucrative SaaS solutions was partially counterbalanced by the increase in operating costs in order to strengthen the operative structure. Net Profit unveiled a similar growth path (**CAGR₁₆₋₂₀ of 36.0%**) due to same reason mentioned above, coupled with a rise in D&A stemming from the development of innovative technological solutions based on the Neosperience Cloud platform.

In 2019, the **Net Financial Position** benefited from the resources stemming from the IPO and the additional capital increase carried out a few months after the listing, for a total amount of € 7.9m in funds raised. The group invested these fresh resources in the development of additional platform features as well as in the acquisition of four companies in the 2019-20 period.



9.1 FY-20 Results

Neosperience's 2020 reported results were characterised by growing top line and EBITDA on the back of a more favourable revenue mix, namely increasing sales of Software-as-a-Service solutions based on user licences, which are more visible and profitable. Bottom line slightly declined as a result of higher D&A due to a huge amount of capex for the development of new features to add to the Neosperience Cloud platform as well as to the goodwill amortisation stemming from the acquisitions made in 2020.

Table 6 – Neosperience, FY 2020-19 results summary

€ m	2020	2019	% YoY
Revenues	16.4	13.9	17.3
Increase in finished products	2.1	2.0	
Other revenues	1.1	1.5	
Value of Production	19.6	17.5	11.7
Raw material and processing	(0.5)	(0.1)	
Services	(7.1)	(9.7)	
Personnel expenses	(5.7)	(3.4)	
Other opex	(1.4)	(0.7)	
EBITDA	4.8	3.6	35.2
% margin	24.7	20.4	
D&A	(4.0)	(2.5)	
EBIT	0.8	1.1	(27.5)
% margin	4.2	6.4	
Financials	0.1	(0.1)	
Pre-Tax profit	0.9	1.0	(6.1)
% margin	4.7	5.6	
Income taxes	(0.5)	(0.0)	
Tax rate	55.7%	3.6%	
Minorities	(0.1)	(0.0)	
Net Profit	0.3	0.9	(71.9)
% margin	1.3	5.3	
Net Financial Position	5.4	1.2	n.m.
Net Equity	16.7	14.5	15.4

Source: Company data, CFO SIM analysis

In 2020, Neosperience totalled **consolidated revenues to the tune of € 16.4m, up 17.3% YoY**, as a result of 1) the increase in sales of SaaS solutions based on the Neosperience Cloud platform, 2) the gaining of new relevant clients and 3) the consolidation of the companies acquired in the 2019-20 period.

EBITDA grew by 35.2% YoY, reaching € 4.8m (24.7% margin), mainly thanks to the increased and improved use of internal resources coupled with the reduction of outsourcing.

EBIT declined to € 0.8m (4.2% margin) as a result of higher D&A on the back of 1) the investments made to develop additional features of the Neosperience Cloud platform and 2) the goodwill amortisation (€ 721k) stemming from the M&A transactions made in 2020.

The group's **Net Profit totalled € 0.3m, 1.3% margin** (vs € 0.9m, 5.3% margin in 2019) on the back of broadly stable financial charges YoY and higher income taxes due to lower tax credit for R&D.

Net Financial Position increased to € 5.4m (€ 1.2m in FY-19), 1.1x NFP/EBITDA, mainly as a result of the acquisitions made in 2020. **Cash and cash equivalents amounted to € 6.6m.**



10. Financial Forecasts

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 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. The company reported a **41.0% sales CAGR₁₆₋₂₀** mainly driven by increasing sales of solutions based on the proprietary platform Neosperience Cloud as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena.

Our estimates are based on a different revenue breakdown compared to historical figures in order to provide investors with a framework that is more consistent with the business evolution in the coming years. **We reclassified FY-20 revenues according to five new business lines:**

- **“Solution Licensing”** includes the two former business lines “Domestic Neosperience Cloud Licensing” and “Domestic Neosperience Solution Sales”.
- **“Professional services”** remained unchanged.

The former “Neosperience Vertical & Others” business line has been split into:

- **“Health Cloud & Vertical”**, namely revenues stemming from the sales of the Neosperience Health Cloud solution as well as from other vertical solutions the group plans to develop in the future.
- **“Asia-Pacific”** includes revenues generated in the APAC area, mainly China.
- **“North America”** includes revenues stemming from the North American market.

Table 7 – Neosperience, FY-20 old breakdown vs new breakdown

Old Breakdown - € m	FY-20	New Breakdown - € m	FY-20
Domestic Neosperience Cloud Licensing	2.2	Solution Licensing	7.5
Domestic Neosperience Solution Sales	5.3	Health Cloud & Vertical	0.4
Professional Services	8.0	Professional Services	8.0
Neosperience Vertical & Others	0.9	Asia-Pacific	0.3
-	-	North America	0.2
Total Revenues	16.4	Total Revenues	16.4

Source: CFO SIM elaboration on Company data

As a consequence, our top line progression estimates are based on **different assumptions for each business line:**

- **Solution Licensing** is expected to grow at a **CAGR₂₀₋₂₃ of 16.7%** as a result of increasing sales of solutions based on the Neosperience Cloud platform to existing and new customers. The main growth driver is the significantly increased awareness of the pressing need for digital transformation across all industries. The application of advanced technology is helping businesses to enhance efficiency and productivity and is offering them an opportunity to further implement digital transformation across their processes.
- **Health Cloud & Vertical** is expected to rise at a **118.3% CAGR₂₀₋₂₃** as a result of the increasing interest in the Neosperience Health Cloud platform by players operating in both the public and private health sector as well as by leading pharmaceutical companies. A significant driver in the healthcare industry is the increasing use of telemedicine and home therapy, requiring quick, effective and precise digital tools to provide an in-depth diagnosis and an accurate handling of therapies.



- **Professional Services** are expected to grow at a **CAGR₂₀₋₂₃ of 14.3%**, broadly in line with the Solution Licensing business line. Professional services include several types of activities, such as the platform integration at customer's systems or the development of ad-hoc solutions based on specific customer needs. These activities are highly strategic for the group as they allow Neosperience to capture knowledge of specific sectors which are useful to develop new innovative application solutions and to improve the Neosperience Cloud platform.
- **Asia-Pacific** is anticipated to grow at a **CAGR₂₀₋₂₃ of 100.6%** as a result of the development strategy of the subsidiary Value China, namely: 1) provide Chinese businesses with successful digital products able to expand their activities in Europe, 2) help European companies to understand the peculiar digital dynamics of the Chinese market in order to expand their activities to the Asian-Pacific area and 3) promote Chinese tourism in Italy by using an innovative digital approach based on the Neosperience Tourism Cloud platform.
- **North America** is expected to grow at a **CAGR₂₀₋₂₃ of 110.9%** thanks to the establishment of strategic partnership agreements with local 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.

Overall, **CFO SIM expects consolidated revenues to show a 24.9% CAGR₂₀₋₂₃**.

Table 8 – Neosperience, 2020-23e top line growth evolution breakdown

€ m	2020	2021e	2022e	2023e	% CAGR ₂₀₋₂₃
Revenues	16.4	19.2	24.3	31.9	24.9
Solution Licensing	7.5	8.0	9.6	12.0	16.7
Health Cloud & Vertical	0.4	1.0	1.9	3.8	118.3
Professional Services	8.0	9.0	10.4	12.0	14.3
Asia-Pacific	0.3	0.6	1.1	2.1	100.6
North America	0.2	0.6	1.4	2.1	110.9
% YoY					
Revenues	-	17.1	27.1	31.0	
Solution Licensing	-	6.0	20.0	25.0	
Health Cloud & Vertical	-	160.0	100.0	100.0	
Professional Services	-	13.0	15.0	15.0	
Asia-Pacific	-	150.0	70.0	90.0	
North America	-	150.0	150.0	50.0	
% on total					
Revenues	100.0	100.0	100.0	100.0	
Solution Licensing	46.0	41.6	39.3	37.5	
Health Cloud & Vertical	2.3	5.0	7.9	12.1	
Professional Services	48.9	47.2	42.7	37.5	
Asia-Pacific	1.6	3.3	4.5	6.5	
North America	1.3	2.9	5.6	6.5	

Source: Company data, CFO SIM estimates

As a consequence of the expected evolution trend of the Neosperience Health Cloud vertical solution, the **Health Cloud & Vertical** business line **is anticipated to account for 12.1% of total revenues in 2023** (vs 2.3% in 2020).

Furthermore, we expect the internationalisation process to allow Neosperience to realise **foreign revenues in excess of 10% in 2023** (less than 5% in 2020), mainly in China and North America.



Table 9 – Neosperience, 2020-23e profitability evolution

€ m	2020	2021e	2022e	2023e	% CAGR ₂₀₋₂₃
Revenues	16.4	19.2	24.3	31.9	24.9
Increase in finished products	2.1	3.0	3.0	3.0	
Other revenues	1.1	0.0	0.0	0.0	
Value of Production	19.6	22.2	27.4	34.9	21.3
Raw material and processing	(0.5)	(0.6)	(0.7)	(0.9)	
Services	(7.1)	(8.8)	(10.8)	(13.8)	
Personnel expenses	(5.7)	(6.2)	(7.2)	(8.5)	
Other opex	(1.4)	(1.6)	(1.9)	(2.4)	
EBITDA	4.8	5.1	6.8	9.3	24.2
% margin	24.7	22.9	24.7	26.5	
D&A	(4.0)	(4.2)	(4.2)	(4.2)	
EBIT	0.8	0.9	2.6	5.1	84.0
% margin	4.2	4.1	9.4	14.5	

Source: Company data, CFO SIM estimates

We have estimated a € 3.0m increase in finished products per year in the 2021-23 period: it refers to the capitalisation of development costs due to the evolution of the platform (mainly Neosperience Tourism Cloud). Thus, **Value of Production** is anticipated to grow at a **CAGR₂₀₋₂₃ of 21.3%**.

Gross margin is expected to be stable at 51.0% in the 2021-23 period. We expect personnel expenses to increase from € 5.7m in 2020 to € 8.5m in 2023 as a result of the strengthening of the operating structure in order to sustain organic growth. The impact of raw material and processing costs, services costs and other operating expenses are anticipated flat in the 2021-23 period.

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.

As a result, **EBITDA and EBIT are projected to grow more than proportionately to top line:** CAGR₂₀₋₂₃ of 24.2% and 84.0% respectively, vs. 21.3% of value of production.

Table 10 – Neosperience, 2020-23e below EBIT

€ m	2020	2021e	2022e	2023e	% CAGR ₂₀₋₂₃
EBIT	0.8	0.9	2.6	5.1	84.0
% margin	4.2	4.1	9.4	14.5	
Financials	(0.1)	(0.2)	(0.2)	(0.2)	
Re/(Devaluation) of financial assets	0.2	0.0	0.0	0.0	
Forex gain/(loss)	0.0	0.0	0.0	0.0	
Pre-Tax profit	0.9	0.7	2.3	4.8	73.5
% margin	4.7	3.0	8.5	13.8	
Income taxes	(0.5)	(0.2)	(0.7)	(1.4)	
Tax rate	55.7%	30.0%	30.0%	30.0%	
Minorities	(0.1)	(0.2)	(0.2)	(0.3)	
Net Profit	0.3	0.3	1.4	3.1	128.1
% margin	1.3	1.3	5.2	8.8	

Source: Company data, CFO SIM estimates

Below EBIT, CFO SIM expects stable financial costs in the coming years and the tax burden is predicted to be steady at a 30.0% rate.



Table 11 – Neosperience, 2020-23e Net Financial Position and financial solidity

€ m	2020	2021e	2022e	2023e
Year-end NFP (Cash)/Debt	5.4	4.4	2.4	(0.3)
Average (Cash)/debt	3.3	4.9	3.4	1.1
Gross debt	12.0	12.0	12.0	12.0
EBITDA	4.8	5.1	6.8	9.3
Shareholders' equity	16.0	16.2	17.3	20.1
Minorities	0.7	0.9	1.1	1.4
Interest charges	(0.1)	(0.2)	(0.2)	(0.2)
NFP/Equity	0.3	0.3	0.1	(0.0)
NFP/EBITDA	1.1	0.9	0.4	(0.0)
EBITDA/charges	46.2	21.1	28.1	38.5
Debt/Equity	0.7	0.7	0.7	0.6

Source: Company data, CFO SIM estimates

Over the 2021-23 period CFO SIM forecasts cumulated capex for € 9.0m, entirely related to the capitalisation of development costs due to platform evolutions (mainly Neosperience Tourism Cloud).

EBITDA/FCF conversion is anticipated at 25.8% on average in the 2021-23 period, prompting a strong improvement in Net Financial Position, expected at € 0.3m cash in 2023 (vs € 5.4m debt in FY-20).

As far as operating working capital is concerned, we anticipated a tiny decrease in the Op.NWC/Sales ratio in the 2021-23 period, on the back of a slight improvement in DSO as a result of the increasing sales of SaaS solutions, characterised by recurring fees.

Table 12 – Neosperience, 2020-23e Net Financial Position and financial solidity

€ m	2020	2021e	2022e	2023e
Op NWC	4.1	4.4	5.2	6.4
Inventories	0.1	0.3	0.4	0.5
Receivables	8.0	8.8	10.5	12.9
Payable	(4.0)	(4.7)	(5.6)	(7.0)
Op NWC/Sales	21.2%	20.0%	19.1%	18.2%
Capital Employed	30.1	30.5	32.2	35.5
Capital Employed turnover x	1.5	1.4	1.2	1.0
NFP debt/(cash)	5.4	4.4	2.4	(0.3)
NFP repayment YoY	-	(1.0)	(2.0)	(2.7)
ROACE%	3.4	3.0	8.2	15.0
ROCE %	2.7	3.0	8.0	14.3
ROE %	1.6	1.8	8.2	15.3
EBITDA - FCF Conversion %	Neg.	19.1	29.2	29.2
Free Cash Flow	(6.5)	1.0	2.0	2.7
EBITDA	4.8	5.1	6.8	9.3
Capex	10.4	3.0	3.0	3.0

Source: Company data, CFO SIM estimates



11. Valuation & Risks

CFO SIM initiates coverage of Neosperience with a Buy recommendation and a PT of € 10.00/s, 66.1% upside to current price levels. In order to get a fair appraisal of Neosperience, we believe that the most appropriate methodology is a DCF model corroborated by a market multiple valuation.

The **DCF model** better factors in the medium-/long-term value of the stock and avoids incorporating the currently increasing volatility of the stock market, which mainly involves the Tech sector. We run a DCF model using the following settings: $g=2\%$, $\beta=1$, $WACC=7.2\%$ and a sustainable 30:70 debt/equity balance- sheet structure. According to the **DCF model, we assign Neosperience a valuation of € 10.00/s.**

We also run a **market multiples valuation** to corroborate the value obtained by the DCF model. Considering the market multiples valuation method, we set up a list of comparable companies in the global digital transformation arena. The list includes both players operating as digital transformation consultants and software companies providing their clients with digital technologies able to turn a traditional business into a digital one. We applied a **25.0% discount** to the peer multiple median in order to factor in the smaller size of Neosperience and the lower liquidity of the NSP stock, on the back of its listing on the AIM Italia market. On the other hand, Neosperience unveils higher than median Sales CAGR and EBITDA margin, thus reducing the potential discount applicable. By applying the peer group EV/EBITDA multiple median the peer median multiple for EV/EBITDA (discounted by 25.0%) to Neosperience's metrics we attain an **appraisal of Neosperience to the tune of € 10.00/s**, using 2021 estimates and multiples.



11.1. DCF

In the valuation via the DCF method, we assess explicit estimates until 2025 and a long-term growth of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 13 – WACC derived from:

Interest costs, pre-tax	2.0%
Tax rate	30.0%
Inf. costs, after taxes	1.4%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	0.71%
Beta levered (x)	1.00
Required ROE	9.7%

Source: CFO SIM, Thomson Reuters Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all AIM Italia market segment's related concerns and disquiet that an investor might have. **Beta** has been prudentially set **at 1.00**, taking into account the lower liquidity of the company. Indeed, the 5Y Beta calculated by reference to the domestic B2B peer group is 0.85x. The WACC is computed using a sustainable 30:70 debt/equity balance-sheet structure.

Table 14 – Neosperience, DCF model

€ m	2021e	2022e	2023e	2024e	2025e	Term. Val.
EBIT	0.9	2.6	5.1	6.3	7.9	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	0.6	1.8	3.5	4.4	5.5	
Change working capital	(0.3)	(0.8)	(1.1)	(0.7)	(0.3)	
Depreciation	4.2	4.2	4.2	3.1	2.0	
Investments	(3.0)	(3.0)	(3.0)	(2.5)	(2.0)	
Free Cash Flows	1.5	2.2	3.6	4.3	5.2	102.4
Present value	1.5	2.0	3.0	3.4	3.8	75.2
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	
Long-term growth rate	2.0%					

Source: CFO SIM

Table 15 – Neosperience, DCF derived from:

€ m	
Total EV present value € m	88.9
	<i>thereof terminal value</i>
	84.6%
NFP last reported	(5.4)
Pension provision	(1.0)
Minorities (valued at 2.7x P/BV)	(1.9)
Cash-in from warrant conversion	4.3
Equity value € m	85.0
#m shares FD (excl. treasury shares)	8.49
Equity value €/s	10.00
% upside/(downside)	66.1%

Source: CFO SIM

The outcome of our DCF model generated an equity value of € 85.0m for Neosperience, € 10.00/s.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 8.83-11.57/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 **€ 9.00-11.17/s (free risk range between 1.46% and 0.00%)** and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 8.17-12.77/s (risk premium range between 10.5% and 7.50%)**.



Table 16 – 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	13.7	13.7	13.7	13.7	13.7	13.7	13.7
PV of terminal value	65.3	68.3	71.6	75.2	79.2	83.6	88.5
Total value	79.0	82.0	85.3	88.9	92.9	97.3	102.2
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.7x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	75.0	78.0	81.3	85.0	88.9	93.3	98.2
Equity value/share €	8.83	9.19	9.58	10.00	10.47	10.99	11.57

Source: CFO SIM

Table 17 – Neosperience, equity value sensitivity to changes in free risk rate

€ m	0.00%	0.21%	0.46%	0.71%	0.96%	1.21%	1.46%
Present value of CF	13.9	13.9	13.8	13.7	13.7	13.6	13.5
PV of terminal value	84.9	81.8	78.4	75.2	72.2	69.5	66.9
Total value	98.8	95.6	92.2	88.9	85.9	83.1	80.4
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.7x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	94.8	91.7	88.2	85.0	81.9	79.1	76.4
Equity value/share €	11.17	10.79	10.38	10.00	9.65	9.31	9.00

Source: CFO SIM

Table 18 – 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	14.1	14.0	13.9	13.7	13.6	13.5	13.4
PV of terminal value	98.3	89.4	81.8	75.2	69.5	64.4	60.0
Total value	112.5	103.4	95.6	88.9	83.1	77.9	73.3
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.7x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	108.5	99.4	91.7	85.0	79.1	73.9	69.3
Equity value/share €	12.77	11.71	10.79	10.00	9.31	8.71	8.17

Source: CFO SIM



11.2. 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 creation of digital and omnichannel strategies, data analytics and CRM tools, design of online stores, online content production, development of cross-channel campaigns, social media management, user experience (UX) design, execution of websites and mobile applications, search engine optimization (SEO), retargeting, as well as integrated channel planning, among others.

Be Shaping the Future SpA offers supports to the banking and insurance sectors in redesigning models, performance management, and other related fields. Thanks to a combination of specialist skills, advanced proprietary technologies and considerable experience, the group works with leading financial, insurance and industrial clients to create value and boost business growth.

Digital360 SpA is a leading Italian B2B player in the digital innovation arena, offering support to firms and public administrations in understanding and implementing digital innovation processes. Established in 2012, the company runs a match-making platform for the demand for and supply of digital innovation.

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.

Kaleyra Inc provides cloud communication services. The company manages integrated multi-channel communication services using messages, push notifications, e-mail, instant messaging, voice, and chat bot services. Kaleyra serves customers worldwide.



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.

SharpSpring Inc provides cloud-based marketing solutions. The company offers email automation, CRM, call tracking, social platforms, and analytical solutions. SharpSpring serves customers in the United States.

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 shows a higher than median Sales CAGR and EBITDA margin.**

Table 19 – Neosperience, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	% EBITDA margin	% Sales CAGR ₂₀₋₂₃	% EBITDA CAGR ₂₀₋₂₃	% EBIT CAGR ₂₀₋₂₃	% EPS CAGR ₂₁₋₂₃ /EBITDA	NFP
Accenture PLC	UK	178,009	42,553	8,076	19.0%	11.0%	17.0%	12.8%	10.4%	n.m.
Adobe Inc	USA	249,794	13,233	6,613	50.0%	17.5%	25.4%	29.4%	15.2%	n.m.
Alkemy SpA	IT	78	90	9	9.6%	12.9%	26.5%	32.1%	24.6%	1.8
Be Shaping the Future SpA	IT	256	206	34	16.5%	8.3%	11.3%	9.9%	13.2%	n.m.
Digital360 SpA	IT	60	33	7	20.0%	17.2%	20.7%	33.7%	25.5%	0.1
dotDigital Group PLC	UK	856	68	23	33.3%	18.8%	12.0%	12.5%	7.5%	n.m.
Gartner Inc	USA	19,051	3,729	841	22.5%	12.1%	15.9%	20.1%	5.9%	1.3
Growens SpA	IT	66	74	6	7.5%	13.3%	23.3%	54.8%	86.5%	n.m.
HubSpot Inc	USA	23,241	1,018	126	12.4%	31.1%	n.m.	n.m.	49.0%	n.m.
Kaleyra Inc	USA	273	219	13	5.9%	49.3%	n.m.	n.m.	n.m.	3.4
Maps SpA	IT	30	24	6	24.3%	19.7%	40.2%	78.2%	29.1%	0.6
Reply SpA	IT	5,516	1,444	241	16.7%	11.8%	11.8%	13.6%	11.8%	n.m.
Salesforce.Com Inc	USA	190,767	22,097	6,282	28.4%	21.3%	45.9%	135.3%	21.1%	n.m.
SharpSpring Inc	USA	183	29	(7)	-24.5%	n.a.	n.m.	n.m.	n.m.	n.a.
TechTarget Inc	USA	1,762	207	71	34.2%	29.1%	58.5%	64.9%	8.5%	0.9
Median		856	207	34	19.0%	17.3%	22.0%	30.8%	15.2%	1.1
Neosperience SpA	IT	45	22	5	22.9%	21.3%	24.2%	84.0%	227.3%	0.9

Source: CFO SIM, Thomson Reuters Eikon



Table 20 – Neosperience, peer group EV multiple table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	4.02	3.63	3.27	21.2	19.0	17.1
Adobe Inc	18.66	15.97	13.68	37.3	32.3	27.9
Alkemy SpA	1.04	0.90	0.80	10.9	9.0	7.8
Be Shaping the Future SpA	1.19	1.08	1.00	7.2	6.3	5.8
Digital360 SpA	1.83	1.59	1.41	9.2	7.8	6.7
dotDigital Group PLC	12.08	10.63	10.33	36.3	33.1	32.7
Gartner Inc	5.41	4.69	4.19	24.0	24.6	21.7
Growens SpA	0.88	0.76	0.68	11.8	8.1	6.8
HubSpot Inc	22.14	17.27	13.53	178.7	133.2	88.2
Kaleyra Inc	1.45	0.89	0.70	24.6	8.2	6.3
Maps SpA	1.43	1.14	0.87	5.9	4.5	3.4
Reply SpA	3.64	3.24	2.86	21.8	19.6	17.3
Salesforce.Com Inc	8.33	6.85	5.66	29.3	24.2	20.2
SharpSpring Inc	n.a.	n.a.	n.a.	n.m.	n.m.	n.a.
TechTarget Inc	8.83	7.51	6.53	25.8	22.2	18.0
Median	3.83	3.43	3.06	22.9	19.3	17.2
Neosperience SpA	2.23	1.74	1.28	9.8	7.0	4.8
% premium/(discount) to median	(41.7)	(49.4)	(58.1)	(57.3)	(63.6)	(71.8)

Source: CFO SIM, Thomson Reuters Eikon

Table 21 – 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	26.6	23.8	21.2	37.3	33.4	30.6
Adobe Inc	41.4	35.4	29.8	50.3	44.1	37.9
Alkemy SpA	14.7	11.7	10.0	22.8	16.5	14.7
Be Shaping the Future SpA	12.3	10.7	9.4	24.4	21.4	19.0
Digital360 SpA	14.7	12.4	9.8	23.8	19.2	15.1
dotDigital Group PLC	52.3	48.1	47.5	63.3	60.5	54.8
Gartner Inc	31.0	30.8	28.1	40.9	43.0	36.5
Growens SpA	35.0	15.2	11.4	59.3	24.3	17.1
HubSpot Inc	262.2	178.1	119.3	337.6	227.3	152.1
Kaleyra Inc	n.m.	18.8	11.7	n.m.	44.3	18.9
Maps SpA	10.5	8.1	5.7	14.4	11.2	8.6
Reply SpA	27.0	23.7	20.6	39.8	35.7	31.8
Salesforce.Com Inc	46.2	36.6	28.4	59.9	50.6	40.8
SharpSpring Inc	n.m.	n.m.	n.a.	n.m.	n.m.	n.a.
TechTarget Inc	35.4	27.8	20.4	33.7	31.9	28.7
Median	31.0	23.7	20.5	39.8	34.5	29.6
Neosperience SpA	54.9	18.4	8.9	156.5	31.9	14.6
% premium/(discount) to median	77.0	(22.3)	(56.8)	293.3	(7.7)	(50.7)

Source: CFO SIM, Thomson Reuters Eikon

We applied a **25.0% discount** to the peer multiple median in order to factor in the smaller size of Neosperience and the lower liquidity of the NSP stock, on the back of its listing on the AIM Italia market. On the other hand, Neosperience unveils higher than median Sales CAGR and EBITDA margin, thus reducing the potential discount applicable. By applying the peer group EV/EBITDA multiple median (discounted by 25.0%) to Neosperience's metrics, we attain an **appraisal of Neosperience to the tune of € 10.00/s**, using 2021 estimates and multiples.



Table 22 – Neosperience, equity value assessment, 1#3

Neosperience Equity Value € m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Median Peers (x)	3.83	3.43	3.06	22.9	19.3	17.2
Neosperience metric	22.2	27.4	34.9	5.1	6.8	9.3
NFP	(4.4)	(2.4)	0.3	(4.4)	(2.4)	0.3
Minorities (valued at 2.7x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in stemming from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3
Neosperience Equity Value	61.7	70.4	82.9	85.1	98.0	121.8
Neosperience Equity Value/share €	7.27	8.29	9.76	10.00	11.54	14.34
% upside/(downside)	20.7	37.8	62.2	66.4	91.7	138.2

Source: CFO SIM, Thomson Reuters Eikon

Table 23 – Neosperience, equity value assessment, 2#3

Neosperience Equity Value € m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	31.0	23.7	20.5	39.8	34.5	29.6
Neosperience metric	0.9	2.6	5.1	0.3	1.4	3.1
NFP	(4.4)	(2.4)	0.3			
Minorities (valued at 2.7x P/BV)	(1.9)	(1.9)	(1.9)			
Cash-in stemming from warrant conversion	4.3	4.3	4.3			
Neosperience Equity Value	19.0	45.9	80.6	8.6	36.6	68.6
Neosperience Equity Value/share €	2.24	5.40	9.49	1.01	4.31	8.07
% upside/(downside)	(62.8)	(10.3)	57.7	(83.2)	(28.3)	34.1

Source: CFO SIM, Thomson Reuters Eikon

Table 24 – Neosperience, equity value assessment, 3#3

€/s	FY1	FY2	FY3
EV/EBITDA	10.00	11.54	14.34
Weighting	100.0%	0.0%	0.0%
Equity Value	10.00		
% upside/(downside)	66.1%		

Source: CFO SIM, Thomson Reuters Eikon



11.3. Peer Stock Performance

Neosperience was listed on the AIM Italia market on **20th February 2019 at € 3.42/share**, corresponding to a post-money **market capitalisation of € 22.1m**. Neosperience now trades well above the IPO price, +76.0% since the IPO. The stock reached a 1Y intraday maximum price of € 7.60/s on 14-Aug-20 and a minimum price of € 4.49/s on 07-Aug-20.

Table 25 – Neosperience, peer group and indexes absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	(1.1)	0.8	7.3	9.0	28.5	21.1	42.4
Adobe Inc	0.4	1.4	6.0	20.5	35.0	24.2	43.6
Alkemy SpA	1.1	6.5	(6.0)	17.2	110.2	97.7	135.7
Be Shaping the Future SpA	2.0	1.1	10.5	22.1	38.2	30.3	64.8
Digital360 SpA	8.0	5.5	30.0	33.2	62.5	76.6	203.7
dotDigital Group PLC	(0.4)	1.0	6.1	34.3	34.2	53.1	117.8
Gartner Inc	(1.0)	2.2	8.2	32.7	72.9	63.6	111.6
Growens SpA	(0.7)	(1.6)	(0.7)	6.3	0.7	0.7	(16.2)
HubSpot Inc	0.5	0.8	1.1	5.6	68.3	48.6	164.7
Kaleyra Inc	(2.9)	(11.2)	(16.2)	(28.9)	(19.2)	5.9	123.7
Maps SpA	(0.7)	0.3	5.5	12.9	31.5	26.9	20.5
Reply SpA	1.9	3.0	6.6	31.4	45.2	55.1	93.5
Salesforce.Com Inc	0.2	0.8	(0.1)	3.0	8.5	9.6	28.7
SharpSpring Inc	0.1	(0.1)	(0.3)	(0.1)	(19.0)	3.4	114.5
TechTarget Inc	3.0	(0.3)	(4.3)	(4.0)	(0.9)	25.4	107.4
Median	0.2	0.8	5.5	12.9	34.2	26.9	107.4
Neosperience SpA	1.7	6.4	(2.9)	2.0	24.5	14.0	9.7
MSCI World Index	0.0	1.1	1.7	4.0	13.9	14.1	33.5
EUROSTOXX	0.8	1.9	1.5	3.3	15.7	15.4	27.0
FTSE Italia All Share	0.7	2.4	0.8	3.7	17.4	14.6	28.1
FTSE STAR Italia	0.9	2.5	2.7	12.1	30.2	28.7	59.4
FTSE AIM Italia	0.1	1.5	1.4	10.7	35.8	39.0	47.4

Source: Thomson Reuters Eikon

Table 26 – Neosperience, relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	1.7	5.3	(4.6)	(2.0)	10.6	(0.1)	(23.8)
to EUROSTOXX	0.9	4.4	(4.4)	(1.3)	8.8	(1.4)	(17.4)
to FTSE Italia All Share	1.0	3.9	(3.7)	(1.6)	7.1	(0.6)	(18.4)
to FTSE STAR Italia	0.8	3.8	(5.6)	(10.0)	(5.7)	(14.7)	(49.8)
to FTSE AIM Italia	1.6	4.8	(4.3)	(8.7)	(11.3)	(25.0)	(37.8)
to Peer Median	1.5	5.6	(8.4)	(10.9)	(9.7)	(12.9)	(97.8)

Source: Thomson Reuters Eikon



11.4. 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 or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution being hampered by potential consolidating actors in the industry with huge firepower.



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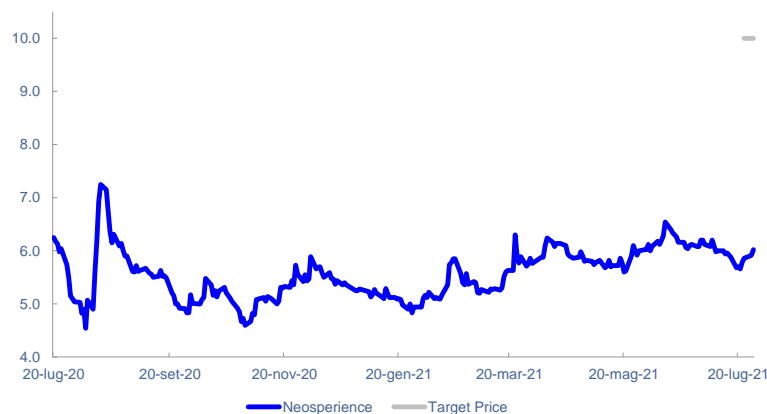
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DATE	TARGET PRICE	RATING
29/07/2021	€10.00	BUY

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- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% bands identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. 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.

