Italy – Digital Innovation	Promising vertical applications may boost medium-term growth

27th April 2023

FY-22 RESULTS RELEASE

RIC: NSP.MI
BBG: NSP IM

In 2022, Neosperience focused on the development of new vertical applications of the Neosperience Cloud platform intended for highly-innovative sectors, such as HealthTech, LegalTech, Tourism and Security & Safety. Neosperience aims at becoming a European reference hub for the AI-based applications for the digital transformation of enterprises.

Rating:

Buy

Price Target:

€ 3.00 (€ 4.00)

Upside/(Downside): 60.4%

Last Price: € 1.87

Market Cap.: € 35.7m

1Y High/Low: € 2.73 / € 1.32

Avg. Daily Turn. (3M, 6M): € 214k, € 160k

Free Float: 53.7%

Major shareholders:
Neos Srl	34.4%
Management	11.8%
Chelverton EU Select Fund (free float)	4.7%

Neosperience — FTSE Italia Growth

Stock price performance

	1M	3M	12M
Absolute	-19.0%	-8.8%	-17.3%
Rel.to FTSE IT Growth	-17.8%	-5.2%	-8.9%
Rel.to Sector	-15.1%	-8.1%	-10.8%

Analysts:
Luca Arena
+39 02 30343 395
luca.arena@cfosim.com

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

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

Estimates updated: new DCF-based PT of € 3.00/s (€ 4.00), 60.4% upside. Still a Buy
Neosperience reported growing FY-22 results but lower than our projections. After H1-22 characterised by revenue growth to the tune of 34%, H2-22 was almost flat YoY (€ 9.3m compared to € 9.4m in H2-21). In 2022, Neosperience focused on the reorganisation of the business activities, the streamlining of the group's structure and the development of new promising vertical solutions of the Neosperience Cloud platform in the field of HealthTech, LegalTech, Tourism and Security & Safety. On the back of FY-22 results release, we have updated our model in order to factor in a more cautious top line progression compared to our previous estimates and broadly unchanged assumptions with regard to the evolution of profitability. The combined result is an average 23.2%, 24.7% and 55.8% cut in Revenues, EBITDA and Net Profit in 2023-24. Moreover, we have introduced 2025 projections. CFO SIM has also updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed the first valuation projection to 2023. As a consequence, we set a new DCF-based PT for NSP at € 3.00/s (€ 4.00), 60.4% upside to current price levels. The Buy recommendation is reiterated.

Growing revenues but less than expected
Revenues totalled € 21.0m, up by 15.8% YoY (CAGR$_{16-22}$ 31%) thanks to the increasing number of relevant customers as well as the cross-selling between the companies of the group. The figure is approximately 18% lower than our estimate of € 25.5m. Value of production reached € 25.2m, on the back of € 3.5m of increase on internal work stemming from capitalised costs linked to the platform's evolution.

EBITDA was € 6.4m, 30.6% margin. Net profit broadly unchanged YoY at € 0.7m
EBITDA was € 6.4m, 30.6% margin, compared to € 5.9m, 32.7% margin, in 2021 and our projection of € 8.2m (32.0% margin). The difference compared to our forecast is mainly ascribable to lower sales volumes. EBIT came broadly in line with FY-21 at € 1.5m (7.2% margin) as a consequence of greater D&A due to the huge amount of investments made in order to develop new platform's solutions. Net profit was € 0.7m compared to € 0.6m in FY-21 and almost 30% lower than our forecast of € 1.0m.

NFP increased to € 11.6m (1.8x NFP/EBITDA) due to huge investments
Net Financial Position rose to € 11.6m from € 7.0m at the end of 2021 as a consequence of the significant investments aimed at developing vertical applications of the Neosperience Cloud platform in promising market segments, namely HealthTech, LegalTech and Tourism. In 2022, Neosperience invested € 12.5m, € 11.4m of which as intangible capex mostly related to the platform's evolution.

Neosperience, key financials and ratios

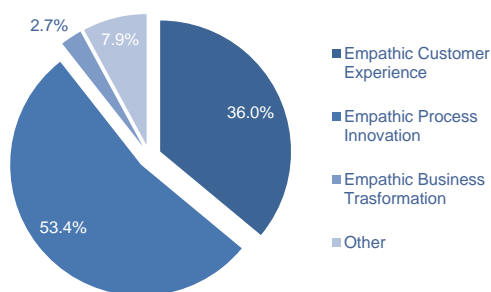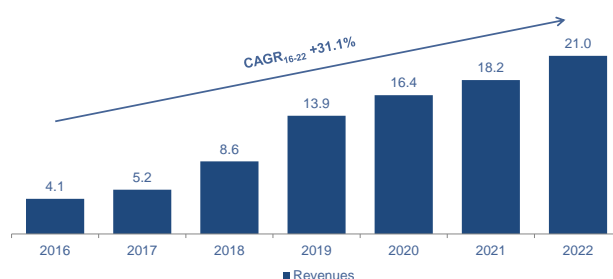| € m	2021	2022	2023e	2024e	2025e
Revenues	18.2	21.0	24.0	29.1	36.7
Value of Production	20.7	25.2	26.7	31.8	39.3
EBITDA	5.9	6.4	7.5	9.2	12.1
EBIT	1.5	1.5	1.9	3.7	6.6
Net Profit	0.6	0.7	0.8	2.1	4.0
NFP (cash)/debt	7.0	11.6	9.3	6.6	2.6
EBITDA margin	32.7%	30.6%	31.0%	31.8%	33.0%
EBIT margin	8.1%	7.2%	8.0%	12.9%	18.1%
EPS stated FD €	0.07	0.04	0.04	0.11	0.21
EPS growth	n.m.	-48.3%	22.7%	n.m.	94.9%
ROCE	3.7%	3.0%	3.7%	6.9%	11.3%
NWC/Sales	26.3%	27.5%	27.0%	26.7%	26.7%
Free Cash Flow Yield	-15.9%	-17.0%	6.5%	7.5%	11.1%
PER x	74.3	53.4	42.8	17.4	8.9
EV/Sales x	2.83	2.28	1.87	1.45	1.04
EV/EBITDA x	8.6	7.4	6.0	4.6	3.2
EV/EBIT x	34.7	31.8	23.3	11.3	5.8
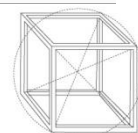
The company at a glance

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

The company reported a 31.1% sales $CAGR_{16-22}$ mainly driven by the increase in sales of solutions based on its proprietary Neosperience Cloud platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena. FY-22 figures show revenues of € 21.0m, EBITDA of € 6.4m, 30.6% margin and Net Profit of € 0.7m. Net Financial Position was € 11.6m, corresponding to 1.8x NFP/EBITDA.
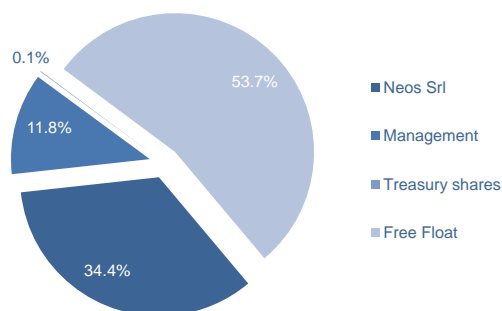
2022 revenues breakdown by business line

- Empathic Customer Experience — 36.0%
- Empathic Process Innovation — 53.4%
- Empathic Business Trasformation — 2.7%
- Other — 7.9%

Top line 2016-22 evolution

$CAGR_{16-22}$ +31.1%

2016	2017	2018	2019	2020	2021	2022
4.1	5.2	8.6	13.9	16.4	18.2	21.0

Revenues

Shareholder structure

- Neos Srl — 34.4%
- Management — 11.8%
- Treasury shares — 0.1%
- Free Float — 53.7%

Peer group absolute performance

| %	1D	1W	1M	3M	6M	YTD
Accenture PLC	0.2	(3.1)	(3.1)	(0.7)	(3.1)	1.6
Adobe Inc	(1.8)	(4.5)	(4.2)	1.4	13.3	7.9
Alkemy SpA	(3.2)	(8.8)	(12.6)	(1.4)	2.3	3.6
Digital360 SpA	0.0	(0.2)	(4.3)	3.1	8.8	8.3
dotDigital Group PLC	(0.2)	(4.0)	(3.6)	0.3	12.1	6.3
Gartner Inc	0.2	(4.2)	(7.5)	(10.4)	0.5	(12.4)
Growens SpA	(1.4)	(4.0)	(4.0)	37.8	33.9	35.2
HubSpot Inc	3.4	(0.9)	1.0	18.9	52.1	43.8
Kaleyra Inc	7.9	(5.0)	4.9	(50.1)	(37.3)	(27.4)
Maps SpA	(0.6)	(1.2)	(0.9)	(8.8)	(13.0)	(10.6)
Reply SpA	(0.1)	(1.7)	(6.4)	(12.5)	(11.5)	(1.9)
Salesforce Inc	0.4	(3.7)	(2.6)	22.6	19.8	44.4
TechTarget Inc	(1.0)	(3.0)	(5.5)	(30.8)	(49.4)	(24.6)
Median	**(0.2)**	**(3.7)**	**(4.0)**	**(0.7)**	**2.3**	**3.6**
Neosperience SpA	**(1.1)**	**(3.6)**	**(19.0)**	**(8.8)**	**28.1**	**6.9**

Source: Refinitiv Eikon

Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	2.51	2.32	13.8	12.5	16.7	15.3	23.0	21.3
Adobe Inc	8.38	7.30	16.9	14.9	18.4	16.0	23.1	20.6
Alkemy SpA	0.80	0.69	6.8	5.7	9.0	6.9	9.3	7.9
Digital360 SpA	1.75	1.11	10.0	5.7	17.3	8.4	30.4	16.8
dotDigital Group PLC	3.16	2.81	9.5	8.5	14.7	13.1	21.0	19.8
Gartner Inc	4.28	3.82	18.8	16.7	23.8	20.9	30.7	27.1
Growens SpA	0.86	0.80	19.6	12.9	n.m.	39.3	n.m.	47.5
HubSpot Inc	9.39	7.54	62.8	46.8	78.3	54.8	92.1	67.9
Kaleyra Inc	0.47	0.44	7.5	6.2	n.m.	n.m.	n.m.	n.a.
Maps SpA	1.75	1.60	7.5	6.7	14.7	12.7	13.6	13.4
Reply SpA	1.69	1.46	10.7	9.2	13.0	11.1	19.5	17.5
Salesforce Inc	5.14	4.44	13.3	11.1	18.9	14.6	26.8	21.4
TechTarget Inc	3.94	3.47	11.7	9.4	12.7	10.3	13.2	11.5
Median	**2.51**	**2.32**	**11.7**	**9.4**	**16.7**	**13.9**	**23.0**	**20.2**
Neosperience SpA	**1.87**	**1.45**	**6.0**	**4.6**	**23.3**	**11.3**	**42.8**	**17.4**

Source: CFO Sim, Refinitiv Eikon
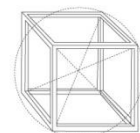
Income statement (€ m)	2021	2022	2023e	2024e	2025e
Revenues	18.2	21.0	24.0	29.1	36.7
Value of Production	20.7	25.2	26.7	31.8	39.3
Raw material and processing	(0.2)	(0.4)	(0.4)	(0.4)	(0.5)
Services	(6.7)	(8.4)	(8.9)	(10.9)	(13.7)
Personnel expenses	(7.0)	(8.9)	(8.9)	(9.9)	(11.3)
Other opex	(0.9)	(1.1)	(1.1)	(1.3)	(1.6)
EBITDA	5.9	6.4	7.5	9.2	12.1
D&A	(4.5)	(4.9)	(5.5)	(5.5)	(5.5)
EBIT	1.5	1.5	1.9	3.7	6.6
Financials	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Re/(Devaluation) of financial assets	0.0	(0.0)	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.1	1.1	1.5	3.3	6.2
Income taxes	(0.3)	(0.2)	(0.5)	(1.0)	(1.9)
Minorities	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)
Net Profit	0.6	0.7	0.8	2.1	4.0

Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	5.4	6.9	7.2	8.5	10.5
Net Fixed Assets	24.3	37.5	36.0	34.5	33.0
Equity Investments	1.5	1.0	1.0	1.0	1.0
Other M/L Term A/L	(1.0)	(1.4)	(1.3)	(1.4)	(1.6)
Net Invested Capital	30.3	44.1	42.8	42.5	42.9
Net Financial Debt	7.0	11.6	9.3	6.6	2.6
Minorities	0.6	4.1	4.3	4.6	5.0
Group's Shareholders Equity	22.6	28.4	29.2	31.3	35.3
Financial Liabilities & Equity	30.3	44.1	42.8	42.5	42.9

Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	0.8	0.9	1.1	2.3	4.4
Depreciation	4.5	4.9	5.5	5.5	5.5
Other non-cash charges	(0.2)	2.1	(0.0)	0.1	0.2
Cash Flow from Oper. (CFO)	5.1	7.9	6.6	8.0	10.0
Change in NWC	(1.3)	(1.5)	(0.3)	(1.3)	(2.0)
FCF from Operations (FCFO)	3.8	6.4	6.3	6.7	8.0
Net Investments (CFI)	(9.4)	(12.5)	(4.0)	(4.0)	(4.0)
Free CF to the Firm (FCFF)	(5.7)	(6.1)	2.3	2.7	4.0
CF from financials (CFF)	7.6	1.2	0.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	2.0	(4.9)	2.3	2.7	4.0

Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	32.7%	30.6%	31.0%	31.8%	33.0%
EBIT margin	8.1%	7.2%	8.0%	12.9%	18.1%
Net profit margin	3.3%	3.2%	3.5%	7.1%	10.9%
Tax rate	29.1%	21.4%	30.0%	30.0%	30.0%
Op NWC/Sales	26.3%	27.5%	27.0%	26.7%	26.7%
Interest coverage x	3.90	3.97	4.82	9.36	16.58
Net Debt/EBITDA x	1.17	1.80	1.24	0.71	0.22
Debt-to-Equity x	0.31	0.41	0.32	0.21	0.07
ROIC	2.0%	1.5%	1.9%	4.8%	9.3%
ROCE	3.7%	3.0%	3.7%	6.9%	11.3%
ROACE	4.2%	3.3%	3.8%	7.1%	11.8%
ROE	2.6%	2.4%	2.8%	6.6%	11.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%

| Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	8.72	19.18	19.18	19.18	19.18
Number of shares Fully Diluted # m	9.00	19.18	19.18	19.18	19.18
Average Number of shares Fully Diluted # m	8.72	19.18	19.18	19.18	19.18
EPS stated FD €	0.07	0.04	0.04	0.11	0.21
EPS adjusted FD €	0.07	0.04	0.04	0.11	0.21
EBITDA €	0.68	0.34	0.39	0.48	0.63
EBIT €	0.17	0.08	0.10	0.20	0.35
BV €	2.59	1.69	1.75	1.87	2.10
FCFO €	0.43	0.33	0.33	0.35	0.42
FCFF €	(0.65)	(0.32)	0.12	0.14	0.21
FCFE €	0.22	(0.26)	0.12	0.14	0.21
Dividend €	0.00	0.00	0.00	0.00	0.00
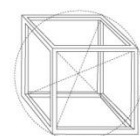
Neosperience in a Nutshell

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

Today Neosperience serves **over 750 customers in several different industries**, namely fashion & luxury, consumer goods, retail & distribution, energy, automotive, healthcare, travel & transportation, financial services, etc.. The group has **over 200 employees** and operates through several branches in Italy and a subsidiary in US. The company reported a **31.1% sales CAGR$_{16\text{-}22}$** mainly driven by the increasing sales of solutions based on the Neosperience Cloud proprietary platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena.

Chart 1 – Neosperience, 2016-22 revenues evolution
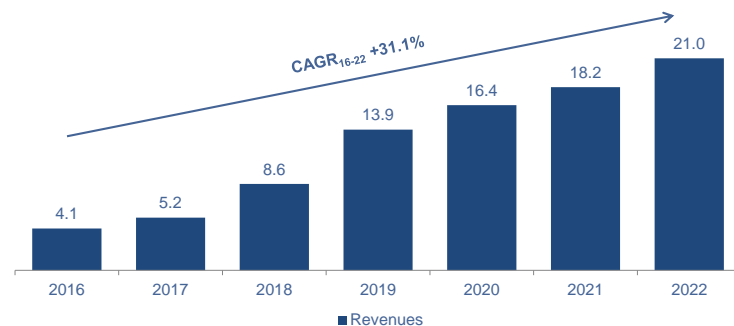
*Source: CFO SIM elaboration on company data*

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

➢ **Empathic Customer Experience:** it includes all those activities aimed at supporting companies in their digital transformation journey. In particular, Neosperience supports its customers to develop and distribute new omnichannel solutions in order to create engaging experiences to improve revenues and sales margins and increase the customer base. Thanks to several tools, such as the HubSpot CRM platform, advanced marketing automation systems and proprietary solutions for e-commerce, Neosperience provides businesses with everything needed to build a solid and lasting relationship with end customers and encourage their loyalty.

➢ **Empathic Process Innovation:** thanks to cloud-native solutions based on Artificial Intelligence, Neosperience is able to improve operations and support the digitisation of internal processes of its customers, starting from the ERP and up to the supply chain management. In detail, by applying AI to business processes Neosperience enhances the skills of engineers, designers and all experts within the organisation. Furthermore, by implementing B2B portals it is possible to digitise sales and create intelligent knowledge management systems that collect, understand and make the corporate knowledge assets accessible to all members of the organisation. Finally, Neosperience develops customised processes aimed at planning and optimising production and logistics activities, also providing insights that identify correlations and anomalies thanks to AI.
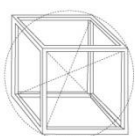
➢ **Empathic Business Transformation:** it deals with identifying the latest technologies and digital trends useful to SMEs to define their digital transformation strategies and create new business models. In this field, Neosperience's offer is based on three pillars: 1) "Digital Strategy Workshop", namely to define with the customer a digital strategic plan consistent with its specific needs, resulting in a tailor-made digital transformation path; 2) the creation and use of effective digital tools, by taking advantage of the wide range of solutions offered by the Neosperience Cloud platform as well as by partners; 3) the development of projects oriented towards the creation of data-driven approaches, also by taking advantage of AI-based solutions. With this business unit, Neosperience presents itself as a reliable strategic partner, supporting the entrepreneur with a training and operational approach.

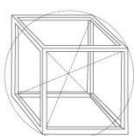**Chart 2 – Neosperience, 2022 top line breakdown by business line**
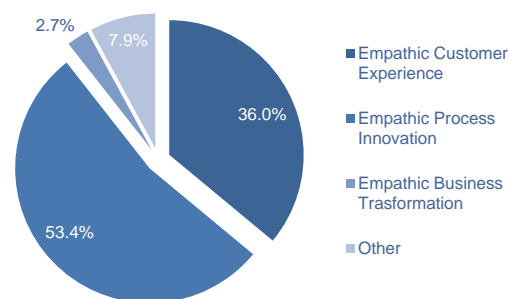
Source: Company data

FY-22 figures show **revenues of € 21.0m**, **EBITDA of € 6.4m**, **30.6% margin** and Net Profit of € 0.7m. **Net Financial Position was € 11.6m**, corresponding to 1.8x NFP/EBITDA.

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

➢ **Neosperience Health Cloud** is the first online platform dedicated to AI-assisted screening and health improvement. It offers a direct and constant connection between patients, specialists and general practitioners, nurses and caregivers, and ensures direct accessibility to information and screening processes and support for diagnosis and prognosis. In particular, Neosperience Health Cloud 1) collects data and biometric parameters on an ongoing basis from personal devices (e.g. smartwatches), 2) analyses data by aggregating information into clusters and identifying patterns, and 3) uses Artificial Intelligence algorithms to produce real-time results, thus improving diagnostic and prognostic processes.

➢ **Elibra** is an innovative end-to-end management platform dedicated to professional firms, lawyers and accountants. It includes an ERP system, an AI-based knowledge management system and business intelligence tools able to optimise all the activities of professional firms, improving their economic performance. Established in 2017 as an innovative start-up, in 2022, Elibra reached € 1.5m turnover, largely recurring.

➢ **Neosperience Tourism Cloud** is the tourism-dedicated version of the Neosperience Cloud platform. In particular, this platform is dedicated to hospitality and culture operators and has been developed with an investment of more than € 6.0m, also thanks to the support of the Ministry of Economic Development. The platform allows tourism professionals to improve the lead generation, create a customer community through a dedicated Customer Data Platform and personalise the customer experience thanks to AI. The platform was chosen as a technological partner of Milan Cortina 2026.

IPO and Group Structure

Neosperience went public on Euronext Growth Milan **on 20-Feb-19** with a **market cap of € 22.1m and a free float of 18.7%.** The IPO encompassed a **primary offering for a total amount of € 4.1m** (€ 1.71/share reparametrized after the stock split). Pre-IPO shareholders had an 18-month lock-up. Furthermore, **on 20-May-19,** Neosperience closed an **additional capital increase for a total amount of € 3.8m** (€ 3.50/share reparametrized after the stock split).
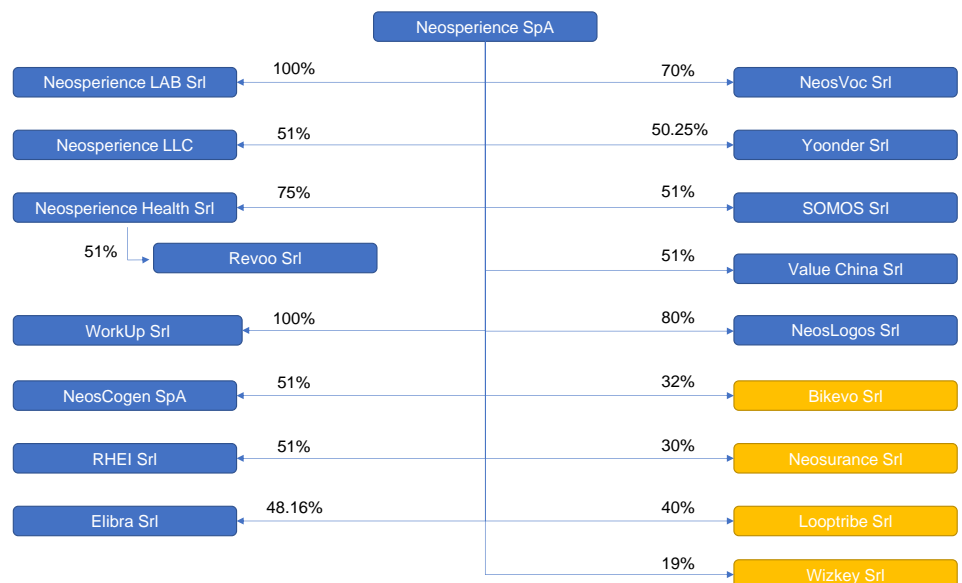
Chart 3 – Neosperience, current shareholder structure

- Neos Srl
- Management
- Treasury shares
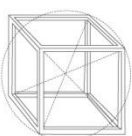- Free Float

53.7%
0.1%
11.8%
34.4%
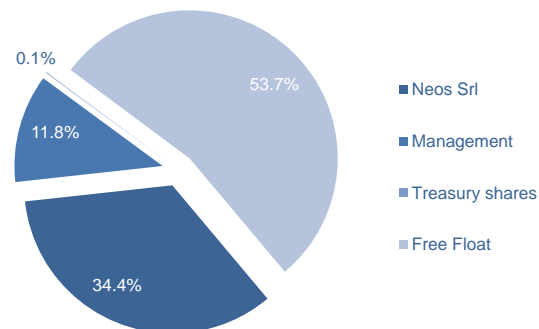
Source: CFO Sim elaboration on Company data

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

Chart 4 – Neosperience, group structure

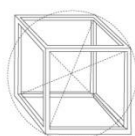|		
Neosperience SpA		
Neosperience LAB Srl	100%	70% NeosVoc Srl
Neosperience LLC	51%	50.25% Yoonder Srl
Neosperience Health Srl	75%	51% SOMOS Srl
Revoo Srl	51%	51% Value China Srl
WorkUp Srl	100%	80% NeosLogos Srl
NeosCogen SpA	51%	32% Bikevo Srl
RHEI Srl	51%	30% Neosurance Srl
Elibra Srl	48.16%	40% Looptribe Srl
		19% Wizkey Srl

Source: Company data

Business Model

Neosperience is a **leading Italian software company**, providing its clients with several software solutions aimed at helping businesses to acquire new customers and increase the value of existing ones. Neosperience's **'empathy in technology'** vision perfectly explains the distinctiveness of the group's offer: by applying machine learning to the results of decades of research in cognitive, social, and behavioural psychology, organisations can provide their customers with a customised and optimised experience based on the customer personality. In this way, companies adopting Neosperience's solutions are able to understand and engage their customers as well as to increase customer loyalty and, consequently, increase their brand value, revenues and margins.

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

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

➢ **Neosperience Health Cloud** is the first online platform dedicated to AI-assisted screening and health improvement. It offers a direct and constant connection between patients, specialists and general practitioners, nurses and caregivers, and ensures direct accessibility to information and screening processes and support for diagnosis and prognosis. In particular, Neosperience Health Cloud 1) collects data and biometric parameters on an ongoing basis from personal devices (e.g. smartwatches), 2) analyses data by aggregating information into clusters and identifying patterns, and 3) uses Artificial Intelligence algorithms to produce real-time results, thus improving diagnostic and prognostic processes.

➢ **Elibra** is an innovative end-to-end management platform dedicated to professional firms, lawyers and accountants. It includes an ERP system, an AI-based knowledge management system and business intelligence tools able to optimise all the activities of professional firms, improving their economic performance. Established in 2017 as an innovative startup, in 2022, Elibra reached € 1.5m turnover, largely recurring.

➢ **Neosperience Tourism Cloud** is the tourism-dedicated version of the Neosperience Cloud platform. In particular, this platform is dedicated to hospitality and culture operators and has been developed with an investment of more than € 6.0m, also thanks to the support of the Ministry of Economic Development. The platform allows tourism professionals to improve the lead generation, create a customer community through a dedicated Customer Data Platform and personalise the customer experience thanks to AI. The platform was chosen as a technological partner of Milan Cortina 2026.

Strategy

On the back of the solid growth path recorded since its establishment and especially in the last five years ($CAGR_{16-22}$ of 31.1%), Neosperience is now aiming to continue its development, consolidate its competitive positioning in the reference market and expand geographically. The **group's development strategy** is based on **organic growth**, continuous **investments in R&D**, **international expansion** and **new acquisitions**.

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

➢ **Consolidation of the group's competitive positioning in the reference market**: as the Neosperience Cloud platform was developed on a state-of-the-art software architecture, it is highly customisable and heavily scalable. The group is expanding the platform's fields of applications, by developing further modules and solutions. In this way, Neosperience will be able to cater to a plethora of different industries thanks to a wide portfolio of ready-to-use solutions.

➢ **International expansion:** as of today, the group generates almost 100% of its revenues in Italy. Neosperience plans to expand its business mainly in Europe, specifically in Spain and the German-speaking area, as well as in the Asia-Pacific region (mainly China) where the market of software solutions supporting digital transformation is buoyant. In particular, in China, the group plans to develop the activities of its subsidiary Value China, namely 1) providing Chinese businesses with successful digital products able to expand their activities in Europe, 2) helping European companies to understand the distinctive digital dynamics of the Chinese market in order to expand their activities in the Asian-Pacific area and 3) promoting 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 players. The group has a solid track record in acquisitions and in their integration, having closed several deals since the IPO: House of Key, WorkUp, AdChange, Myti and Rhei. Neosperience is looking for M&A opportunities among companies with proprietary cutting-edge software solutions able to enrich the group's offer. Moreover, potential targets could be identified among companies operating in one or more geographical areas not yet covered by Neosperience. The group has already identified a short list of potential targets.

➢ **Establishment of start-ups in selected niches:** Neosperience has identified several promising industries where the Digital Customer Experience is a crucial competitive edge, such as Healthcare, Fintech, 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.
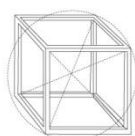
SWOT Analysis

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

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

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

S.W.O.T. ANALYSIS

STRENGTHS	WEAKNESSES
❑ **Leading software vendor** in the digital customer experience & customer analytics sector	❑ **Limited international presence**
❑ Proprietary **AI-based Customer Data Platform**, internally developed: Neosperience Cloud	❑ Few key people representing a **vital asset** for the company
❑ Leading positioning in AI-based solutions with integrated **Large Language Models** (GPT-4)	❑ **Sizeable intangible assets**
❑ **SaaS-based business model**: roughly 40% of revenues are recurring	
❑ **Low client concentration:** over 750 clients	

OPPORTUNITIES	THREATS
❑ **Consolidation opportunities** in a highly fragmented reference market	❑ Fast technological development may increase **competitive pressure**
❑ **Wider use of data and AI-based** software solutions in several niches (MarTech, HealthTech, …)	❑ **International expansion** may erode margins in the short term
❑ **MarTech sector is expected to keep growing significantly** in the coming years	❑ **Profit margin dilution** stemming from the acquisition campaign
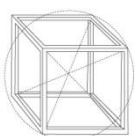
FY-22 Results

Neosperience reported growing FY-22 results but lower than our projections. After H1-22 characterised by revenue growth to the tune of 34%, H2-22 was almost flat YoY (€ 9.3m compared to € 9.4m in H2-21). In 2022, Neosperience focused on the development of new promising solutions of the Neosperience Cloud platform in the HealthTech, LegalTech and Tourism sectors. Furthermore, the group announced that on 4-May-23 will unveil a strategic plan 2023-25, in order to show the strategic guidelines of the group for the next years. Neosperience aims at becoming a European reference hub for the AI applications for the digital transformation of enterprises.

Table 1 – Neosperience, FY 2022-21 results summary

| € m	2022	2021	% YoY	2022e	% diff.
Revenues	**21.0**	**18.2**	*15.8*	**25.5**	*(17.7)*
Increase in finished products	3.5	1.9		2.0	
Other revenues	0.7	0.7		0.7	
Value of Production	**25.2**	**20.7**	*21.9*	**28.2**	*(10.5)*
Raw material, processing and services	(9.3)	(7.4)		(10.6)	
Personnel expenses	(8.9)	(7.0)		(8.6)	
Other opex	(0.5)	(0.3)		(0.8)	
EBITDA	**6.4**	**5.9**	*8.2*	**8.2**	*(21.4)*
% margin	*30.6*	*32.7*		*32.0*	
D&A	(4.9)	(4.5)		(6.1)	
EBIT	**1.5**	**1.5**	*1.8*	**2.1**	*(29.2)*
% margin	*7.2*	*8.1*		*8.3*	
Financials	(0.4)	(0.4)		(0.4)	
Pre-Tax profit	**1.1**	**1.1**	*2.3*	**1.7**	*(35.2)*
% margin	*5.3*	*6.1*		*6.8*	
Income taxes	(0.2)	(0.3)		(0.5)	
Tax rate	*21.5%*	*29.1%*		*30.0%*	
Minorities	(0.2)	(0.2)		(0.3)	
Net Profit	**0.7**	**0.6**	*13.2*	**1.0**	*(29.4)*
% margin	*3.2*	*3.3*		*3.7*	
Net Financial Position	**11.6**	**7.0**	*66.2*	**10.3**	*12.7*
Net Equity	**32.5**	**23.3**	*39.5*	**24.2**	*34.0*

Source: Company data, CFO SIM analysis

Revenues totalled € 21.0m, up by 15.8% YoY (CAGR$_{16-22}$ 31%) thanks to the increasing number of relevant customers as well as the cross-selling between the companies of the group. The figure is approximately 18% lower than our estimate of € 25.5m. Value of production reached € 25.2m, on the back of € 3.5m of increase on internal work stemming from capitalised costs linked to the platform's evolution.

EBITDA was € 6.4m, 30.6% margin, compared to € 5.9m, 32.7% margin, in 2021 and our projection of € 8.2m (32.0% margin). The difference compared to our forecast is mainly ascribable to lower sales volumes.

EBIT came broadly in line with FY-21 at € 1.5m (7.2% margin) as a consequence of greater D&A due to the huge amount of investments made in order to develop new platform's solutions.

Net profit was € 0.7m compared to € 0.6m in FY-21 and almost 30% lower than our forecast of € 1.0m.

Net Financial Position rose to € 11.6m from € 7.0m at the end of 2021 as a consequence of the significant investments aimed at developing vertical applications of the Neosperience Cloud platform in a few promising market segments, namely HealthTech, LegalTech and Tourism. In 2022, Neosperience invested € 12.5m, € 11.4m of which as intangible capex mostly related to the platform's evolution.
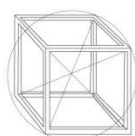
Estimates, Valuation & Risks

FY-22 results came in lower than our forecasts, mainly as a result of a greater focus of the top management on the reorganisation of the business activities, the streamlining of the group's structure and the development of new promising vertical solutions in the field of HealthTech, LegalTech, Tourism and Security & Safety. On 4-May-23, Neosperience will unveil its strategic plan 2023-25 to the financial community, in order to show the strategic guidelines of the group for the next years.

On the back of FY-22 results release, **we have updated our model** in order to factor in a more cautious top line progression compared to our previous estimates and broadly unchanged assumptions with regard to the evolution of profitability. The combined result is an average **23.2%, 24.7% and 55.8% cut in Revenues, EBITDA and Net Profit in 2023-24.** Moreover, we have introduced 2025 projections.

Table 2 – Neosperience, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	**24.0**	**31.7**	*(24.2)*	*(7.7)*
EBITDA	**7.5**	**10.1**	*(26.4)*	*(2.7)*
% margin	*31.0*	*32.0*		
EBIT	**1.9**	**4.3**	*(54.9)*	*(2.3)*
% margin	*8.0*	*13.5*		
Net Profit	**0.8**	**2.5**	*(66.0)*	*(1.6)*
% margin	*3.5*	*7.7*		
Y/E net debt/(cash)	**9.3**	**5.9**	**57.0**	**3.4**

Source: CFO SIM

Table 3 – Neosperience, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	**29.1**	**37.4**	*(22.1)*	*(8.3)*
EBITDA	**9.2**	**12.0**	*(22.9)*	*(2.7)*
% margin	*31.8*	*32.1*		
EBIT	**3.7**	**6.2**	*(39.9)*	*(2.5)*
% margin	*12.9*	*16.7*		
Net Profit	**2.1**	**3.8**	*(45.5)*	*(1.7)*
% margin	*7.1*	*10.1*		
Y/E net debt/(cash)	**6.6**	**0.2**	*n.m.*	**6.4**

Source: CFO SIM

CFO SIM has updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed the first valuation projection to 2023. As a consequence, we set a **new DCF-based PT for NSP at € 3.00/s** (€ 4.00), **60.4% upside** to current price levels.

We reiterate our Buy recommendation on the stock: Neosperience is increasingly strengthening its competitive positioning in the field of AI-based solutions thanks to its proprietary highly scalable Neosperience Cloud platform, recently enhanced with the integration of the Large Language Models, in particular GPT-4. Furthermore, the new vertical applications in the field of HealthTech, LegalTech and Tourism, could allow Neosperience to meet the needs of new promising customers. Moreover, we believe that **further upside potential may arise from strategic M&A deals, not included in our forecasts.** Without considering potential additional fresh resources, we estimate that NSP can invest up to approximately € 10m in acquisitions, not exceeding a sustainable 2.5x NFP/EBITDA ratio.
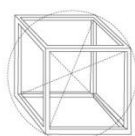
DCF

In our DCF-based valuation, we assess explicit estimates until 2027 and assume a long-term growth rate of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 4 – WACC derived from:

Interest costs, pre-tax	2.0%
Tax rate	30.0%
Int. costs, after taxes	**1.4%**
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	4.00%
Beta levered (x)	1.00
Required ROE	**13.0%**

Sources: CFO SIM, Refinitiv Eikon

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

Table 5 – Neosperience, DCF model

€ m	2023e	2024e	2025e	2026e	2027e	Term. Val.
EBIT	1.9	3.7	6.6	8.0	9.6	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	**1.3**	**2.6**	**4.6**	**5.6**	**6.7**	
Change working capital	(0.3)	(1.3)	(2.0)	(1.1)	(0.1)	
Depreciation	5.5	5.5	5.5	3.7	2.0	
Investments	(4.0)	(4.0)	(4.0)	(3.0)	(2.0)	
Free Cash Flows	**2.6**	**2.9**	**4.1**	**5.3**	**6.6**	**90.1**
Present value	2.5	2.5	3.2	3.8	4.3	**58.9**
WACC	9.5%	9.5%	9.5%	9.5%	9.5%	
Long-term growth rate	**2.0%**					

Source: CFO SIM

Table 6 – Neosperience, DCF derived from:

€ m	
Total EV present value € m	75.1
thereof terminal value	*78.4%*
NFP last reported	(11.6)
Pension provision	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)
Equity value € m	**56.6**
#m shares (excl. treasury shares)	19.17
Equity value €/s	**3.00**
% upside/(downside)	*60.4%*

Source: CFO SIM

The outcome of our DCF model generated an equity value of € 56.6m for Neosperience, € 3.00/s (€ 4.00).

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 2.66-3.32/s (perpetuity range between 1.25% and 2.75%)**, while, 2) if compared to changes in the free risk rate, it produces an equity value of **€ 2.68-3.27/s (free risk range between 4.75% and 3.25%)** and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 2.44-3.64/s (risk premium range between 10.5% and 7.50%)**.
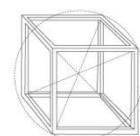
Table 7 – Neosperience, equity value sensitivity to changes in terminal growth rate

€ m	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
Present value of CF	16.2	16.2	16.2	16.2	16.2	16.2	16.2
PV of terminal value	53.2	54.9	56.9	58.9	61.1	63.4	65.9
Total value	**69.4**	**71.2**	**73.1**	**75.1**	**77.3**	**79.6**	**82.1**
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	**50.9**	**52.7**	**54.6**	**56.6**	**58.8**	**61.1**	**63.6**
Equity value/share €	**2.66**	**2.75**	**2.85**	**3.00**	**3.07**	**3.19**	**3.32**

Source: CFO SIM

Table 8 – Neosperience, equity value sensitivity to changes in free risk rate

€ m	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%
Present value of CF	16.5	16.4	16.3	16.2	16.2	16.1	16.0
PV of terminal value	64.7	62.7	60.7	58.9	57.1	55.4	53.8
Total value	**81.2**	**79.1**	**77.1**	**75.1**	**73.3**	**71.5**	**69.8**
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	**62.7**	**60.6**	**58.6**	**56.6**	**54.8**	**53.0**	**51.4**
Equity value/share €	**3.27**	**3.16**	**3.06**	**3.00**	**2.86**	**2.77**	**2.68**

Source: CFO SIM

Table 9 – 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	16.7	16.6	16.4	16.2	16.1	15.9	15.8
PV of terminal value	71.6	66.9	62.7	58.9	55.4	52.3	49.4
Total value	**88.3**	**83.5**	**79.1**	**75.1**	**71.5**	**68.2**	**65.2**
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	**69.8**	**65.0**	**60.6**	**56.6**	**53.0**	**49.7**	**46.7**
Equity value/share €	**3.64**	**3.39**	**3.16**	**3.00**	**2.77**	**2.60**	**2.44**

Source: CFO SIM
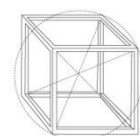
Market Multiples

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

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

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

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

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

Digital360 SpA is a leading Italian B2B player in the digital innovation arena, offering support to companies and the public administration 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.
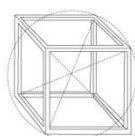
Reply SpA is a highly specialised group, supporting leading industrial firms in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication paradigms, such as Big Data, Cloud Computing, Digital Communication, Internet of 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.

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 **higher-than-median Sales, EBITDA, EBIT and EPS CAGR as well as EBITDA margin.**

Table 10 – Neosperience, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	% EBITDA margin	% Sales CAGR$_{22-25}$	% EBITDA CAGR$_{22-25}$	% EBIT CAGR$_{22-25}$	% EPS CAGR$_{23-25}$	NFP /EBITDA
Accenture PLC	UK	155,143	58,702	10,663	18.2%	3.1%	7.5%	4.3%	8.0%	n.m.
Adobe Inc	USA	150,848	17,562	8,705	49.6%	9.6%	16.6%	19.3%	13.5%	n.m.
Alkemy SpA	IT	65	117	14	11.8%	8.8%	12.1%	14.5%	15.9%	2.1
Digital360 SpA	IT	96	57	10	17.5%	20.9%	26.8%	44.7%	49.6%	0.4
dotDigital Group PLC	UK	295	77	26	33.2%	7.4%	7.5%	7.5%	8.1%	n.m.
Gartner Inc	USA	21,113	5,279	1,200	22.7%	8.7%	5.8%	2.2%	15.3%	1.2
Growens SpA	IT	89	103	5	4.4%	7.5%	5.6%	n.m.	n.m.	n.m.
HubSpot Inc	USA	18,595	1,884	282	15.0%	20.3%	n.m.	n.m.	40.2%	n.m.
Kaleyra Inc	USA	23	324	20	6.3%	4.1%	n.m.	n.m.	n.m.	6.4
Maps SpA	IT	37	26	6	23.3%	14.2%	22.2%	30.8%	15.2%	1.3
Reply SpA	IT	3,904	2,153	342	15.9%	11.6%	12.9%	15.1%	10.9%	n.m.
Salesforce Inc	USA	173,479	31,518	12,139	38.5%	10.7%	42.7%	92.7%	20.0%	n.m.
TechTarget Inc	USA	858	243	82	33.7%	1.4%	17.8%	27.7%	15.7%	1.2
Median		**858**	**324**	**82**	**18.2%**	**8.8%**	**12.9%**	**17.2%**	**15.3%**	**1.3**
Neosperience SpA	**IT**	**36**	**24**	**7**	**31.0%**	**20.4%**	**23.5%**	**63.9%**	**119.2%**	**1.2**

Sources: CFO SIM, Refinitiv Eikon

Table 11 – Neosperience, peer group EV multiple table

| EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	2.51	2.32	2.12	13.8	12.5	11.1
Adobe Inc	8.38	7.30	6.25	16.9	14.9	12.7
Alkemy SpA	0.80	0.69	0.59	6.8	5.7	4.7
Digital360 SpA	1.75	1.11	0.94	10.0	5.7	4.7
dotDigital Group PLC	3.16	2.81	2.44	9.5	8.5	7.4
Gartner Inc	4.28	3.82	3.41	18.8	16.7	15.0
Growens SpA	0.86	0.80	0.66	19.6	12.9	9.0
HubSpot Inc	9.39	7.54	5.98	62.8	46.8	31.6
Kaleyra Inc	0.47	0.44	0.39	7.5	6.2	5.3
Maps SpA	1.75	1.60	1.34	7.5	6.7	5.4
Reply SpA	1.69	1.46	1.25	10.7	9.2	7.9
Salesforce Inc	5.14	4.44	3.80	13.3	11.1	9.9
TechTarget Inc	3.94	3.47	2.93	11.7	9.4	7.2
Median	**2.51**	**2.32**	**2.12**	**11.7**	**9.4**	**7.9**
Neosperience SpA	**1.87**	**1.45**	**1.04**	**6.0**	**4.6**	**3.2**
% premium/(discount) to median	*(25.4)*	*(37.5)*	*(50.8)*	*(48.4)*	*(51.5)*	*(60.0)*

Sources: CFO SIM, Refinitiv Eikon
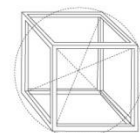
Table 12 – Neosperience, peer group EV & price multiple table

EV & Price multiples x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	16.7	15.3	13.5	23.0	21.3	19.7
Adobe Inc	18.4	16.0	13.5	23.1	20.6	17.9
Alkemy SpA	9.0	6.9	6.1	9.3	7.9	6.9
Digital360 SpA	17.3	8.4	6.5	30.4	16.8	13.6
dotDigital Group PLC	14.7	13.1	11.3	21.0	19.8	18.0
Gartner Inc	23.8	20.9	19.3	30.7	27.1	23.1
Growens SpA	n.m.	39.3	14.1	n.m.	47.5	29.7
HubSpot Inc	78.3	54.8	38.1	92.1	67.9	46.9
Kaleyra Inc	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.
Maps SpA	14.7	12.7	9.6	13.6	13.4	10.3
Reply SpA	13.0	11.1	9.3	19.5	17.5	15.9
Salesforce Inc	18.9	14.6	12.2	26.8	21.4	18.6
TechTarget Inc	12.7	10.3	7.4	13.2	11.5	9.8
Median	**16.7**	**13.9**	**11.7**	**23.0**	**20.2**	**18.0**
Neosperience SpA	**23.3**	**11.3**	**5.8**	**42.8**	**17.4**	**8.9**
% premium/(discount) to median	*39.3*	*(18.8)*	*(50.9)*	*85.9*	*(14.1)*	*(50.5)*

Sources: CFO SIM, Refinitiv 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 its listing on the Euronext Growth Milan market. On the other hand, Neosperience unveils higher-than-median Sales, EBITDA, EBIT and EPS CAGR as well as EBITDA margin, thus reducing the potential discount applicable. By applying the peer group EV/EBITDA multiple median (discounted by 25.0%) to Neosperience's metrics, we get an **appraisal of Neosperience to the tune of € 2.70/s** (€ 3.10), using 2023 estimates and multiples.

Table 13 – 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)	**2.51**	**2.32**	**2.12**	**11.7**	**9.4**	**7.9**
Neosperience metric	24.0	29.1	36.7	7.5	9.2	12.1
NFP	(9.3)	(6.6)	(2.6)	(9.3)	(6.6)	(2.6)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Neosperience Equity Value	**30.7**	**38.9**	**50.5**	**50.8**	**53.5**	**63.9**
Neosperience Equity Value/share €	**1.60**	**2.03**	**2.64**	**2.70**	**2.79**	**3.34**
% upside/(downside)	*(14.4)*	*8.5*	*40.9*	*44.4*	*49.3*	*78.4*

Sources: CFO SIM, Refinitiv Eikon

Table 14 – 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)	**16.7**	**13.9**	**11.7**	**23.0**	**20.2**	**18.0**
Neosperience metric	1.9	3.7	6.6	0.8	2.1	4.0
NFP	(9.3)	(6.6)	(2.6)			
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)			
Neosperience Equity Value	**9.7**	**27.2**	**50.6**	**14.4**	**31.1**	**54.0**
Neosperience Equity Value/share €	**0.51**	**1.42**	**2.64**	**0.75**	**1.62**	**2.82**
% upside/(downside)	*(72.9)*	*(24.1)*	*41.2*	*(59.9)*	*(13.2)*	*50.6*

Sources: CFO SIM, Refinitiv Eikon

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

€/s	FY1	FY2	FY3
EV/EBITDA	2.70	2.79	3.34
Weighting	*100.0%*	*0.0%*	*0.0%*
Equity Value	**2.70**		
% upside/(downside)	*44.4%*		

Sources: CFO SIM, Refinitiv Eikon
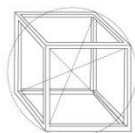
Peer Stock Performance

Neosperience was listed on Euronext Growth Milan on 20th February 2019 at € 3.42/share (€ 1.71/share reparametrized after the stock split), corresponding to a post-money market capitalisation of € 22.1m. The stock reached a 1Y intraday maximum price of € 2.73/s on 24-Mar-23 and a minimum price of € 1.32/s on 10-Oct-22.

**Table 16 – Neosperience, peer group and indexes absolute performance**

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	0.2	(3.1)	(3.1)	(0.7)	(3.1)	1.6	(10.5)
Adobe Inc	(1.8)	(4.5)	(4.2)	1.4	13.3	7.9	(9.0)
Alkemy SpA	(3.2)	(8.8)	(12.6)	(1.4)	2.3	3.6	(28.7)
Digital360 SpA	-	(0.2)	(4.3)	3.1	8.8	8.3	6.6
dotDigital Group PLC	(0.2)	(4.0)	(3.6)	0.3	12.1	6.3	3.5
Gartner Inc	(0.2)	(4.2)	(7.5)	(10.4)	0.5	(12.4)	2.4
Growens SpA	(1.4)	(4.0)	(4.0)	37.8	33.9	35.2	10.7
HubSpot Inc	3.4	(0.9)	1.0	18.9	52.1	43.8	11.2
Kaleyra Inc	7.9	(5.0)	4.9	(50.1)	(37.3)	(27.4)	(90.6)
Maps SpA	(0.6)	(1.2)	(0.9)	(8.8)	(13.0)	(10.6)	(6.4)
Reply SpA	(0.1)	(1.7)	(6.4)	(12.5)	(11.5)	(1.9)	(22.8)
Salesforce Inc	0.4	(3.7)	(2.6)	22.6	19.8	44.4	12.6
TechTarget Inc	(1.0)	(3.0)	(5.5)	(30.8)	(49.4)	(24.6)	(51.0)
Median	**(0.2)**	**(3.7)**	**(4.0)**	**(0.7)**	**2.3**	**3.6**	**(6.4)**
Neosperience SpA	**(1.1)**	**(3.6)**	**(19.0)**	**(8.8)**	**28.1**	**6.9**	**(17.3)**
MSCI World Index	(0.4)	(1.9)	1.5	0.8	9.6	6.8	(1.1)
EUROSTOXX	(0.6)	(1.2)	2.4	3.2	16.9	12.1	10.0
FTSE Italia All Share	(0.5)	(2.9)	1.2	4.3	20.2	13.8	12.9
FTSE Italia STAR	(0.5)	(2.5)	(2.1)	(3.2)	6.7	2.9	(7.2)
FTSE Italia Growth	(0.4)	(0.5)	(1.3)	(3.6)	1.3	(0.3)	(8.4)

Source: Refinitiv Eikon

Table 17 – Neosperience, relative performances

| %	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	(0.7)	(1.7)	(20.5)	(9.6)	18.5	0.1	(16.1)
to EUROSTOXX	(0.5)	(2.4)	(21.5)	(12.0)	11.2	(5.2)	(27.3)
to FTSE Italia All Share	(0.5)	(0.8)	(20.3)	(13.1)	7.9	(6.9)	(30.2)
to FTSE Italia STAR	(0.6)	(1.1)	(16.9)	(5.6)	21.4	4.0	(10.1)
to FTSE Italia Growth	(0.7)	(3.1)	(17.8)	(5.2)	26.8	7.2	(8.9)
to Peer Median	(0.9)	0.1	(15.1)	(8.1)	25.8	3.2	(10.8)

Source: Refinitiv Eikon
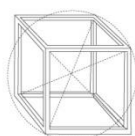
Risks

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

➢ Fast technological development increasing competitive pressure

➢ Possible ICT malfunctions;

➢ Profit margin dilution stemming from the acquisition campaign;

➢ Impact on the profit & loss and balance sheet profiles triggered by a deep decline in global economic growth and/or geopolitical instability;

➢ Departure of one, or a few, of the key people;

➢ M&A execution hampered by potential consolidating players in the industry with huge firepower.
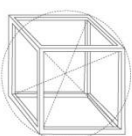
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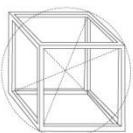
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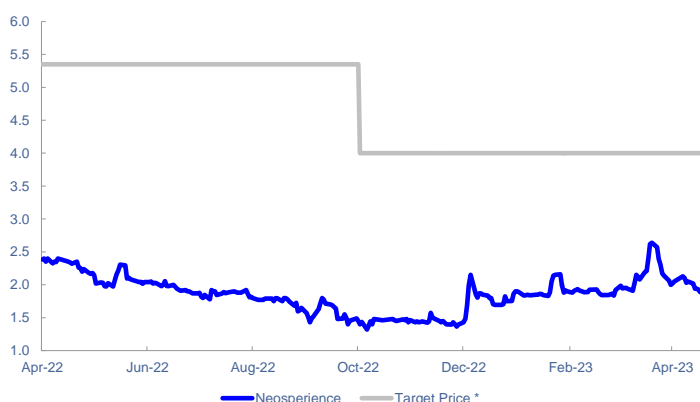
DATE	TARGET PRICE	RATING
27/04/2023	€3.00	BUY
06/10/2022	€4.00	BUY
14/06/2022	€5.35	BUY
26/05/2022	€5.35*	BUY
01/04/2022	€5.35*	BUY

Target Prices before June 2022 were reparametrized according to the stock split

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❑ a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
❑ a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/ -15% range identified using the preceding criteria.
The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated

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