

NEOSPERIENCE

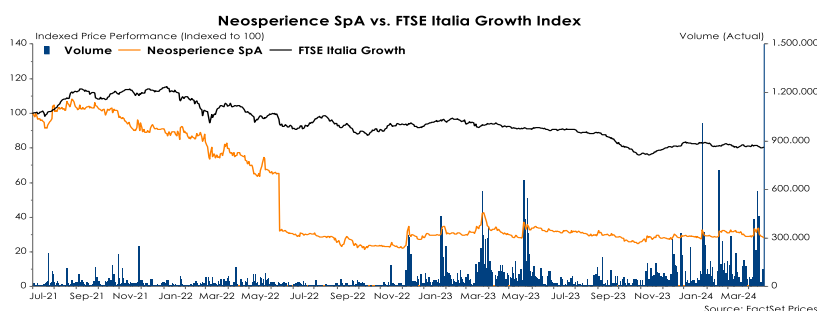
FY23: Yields steady sales after strategic decision shift

Sector: Technology Services

FY23 sales at Euro 21.2 m, (+0.6% YoY), thanks to Customer Experience and Process Innovation performance. Neosperience, a leading Italian Tech Company specializing in Artificial Intelligence & Machine Learning, recently announced its FY23 results, confirming positive sales growth trends with a CAGR 2019-2023 of 11%. Sales achieved Euro 21.2 m +0.6% YoY in line with Euro 21.0 m in 2022, primarily driven by the Customer Experience and Process Innovation business areas, which demonstrated strong performance as expected. However, the reported figure fell short of our FY23 forecast of Euro 24.0 m. This slowdown can be attributed to strategic decisions to refrain from expanding the SafeTech business and to scale back development efforts in the Neosperience Health business, including the postponement of the NASDAQ listing to 2024. EBITDA reported came in at Euro 4.6 m compared to Euro 6.4 m in FY22, influenced by an extraordinary adjustment following the voluntary repayment of a 2019 R&D tax credit (Euro 0.5 m), reflecting a prudent assessment of the tax credit's collectability. EBITDA adjusted stood at Euro 5.1 m, with a margin on sales of 24%. EBIT decreased from Euro 1.5 m to Euro 1.4 m, down 4.0% YoY, impacted by the prudential write-down of a receivable, amounting to Euro 0.5 m, related to the development of an innovative solution for a major fintech customer. Net Income amounted to Euro 0.2 m vs. Euro 0.9 m in the corresponding period of the previous year. Group's Equity increased to Euro 34.6 m, compared to Euro 32.5 m as of FY22. Net financial debt amounted to Euro 14.4 m, up from Euro 11.6 m in 2022, largely due to investments in technology and product integration.

Consolidate strategic position in AI-based applications and acceleration of international development path. Neosperience has launched two strategic projects involving investments of approx. Euro 12 m, partially financed by the Ministry of Economic Development. Riding the AI revolution, with the advent of Generative AI and Large Language Models (LLMs), these projects will focus on the use of AI in the e-commerce and healthcare sectors. The purpose will be to create in-house solutions that revolutionize the retail experience and improve the effectiveness and efficiency of medical care procedures. Such pioneering initiatives could drive the Group's future, enhancing its technology leadership in digital innovation. Moreover, Neosperience Health's listing on NASDAQ is pending SEC approval. In the meantime, new tech solutions are in development for hospitals, diagnostic centers, and nursing homes, emphasizing elderly care. Through the subsidiary Value China, Neosperience became the first European partner of Little Red Book, the most widespread social commerce platform in China. This partnership will be a great opportunity for the Group to open a high-potential market to Western brands. The innovative Neosperience Pulse has been launched, offering a generative AI-based process mining solution that enables manufacturing and financial services companies to identify inefficiencies and forecast future performance, thereby opening new horizons of profitability and competitiveness. Equally relevant is the development of Neosperience Customer Generator, which boosts conversion rates through large-scale personalized marketing messages, and OpenAble, which improves web accessibility with customizable settings and AI-driven features, aiming to break down digital barriers and create inclusive online experiences. Neosperience Health and CGM Telemedicine recently announced a collaboration to introduce innovative digital health AI-based solutions, enhancing patient monitoring and providing virtual assistance for healthcare professionals. Finally, the Group plans to accelerate the internationalization process through partnerships and acquisitions with the support of Illimity.

Estimates revision and TP update. Given the above, we updated our forecast, shifting our expectation of results from 2023 to 2024 and now assuming Euro 24.1 m (prev. Euro 27.2 m) and Euro 28.0 m for FY25 (prev. Euro 36.7 m). We also shifted and reduced our EBITDA margin from 30.3% to 26.5% for FY24 and from 30.7% to 28.8% for FY25. Finally, we added FY26 to our explicit forecast period. Based on our updated estimates and peers' multiple re-rating, we updated our target price to Euro 2.53 p.s. (prev. Euro 3.20) providing an upside on the current stock price of 43%. At our target price, the stock would be trading at FY24E/25E EV/EBITDA multiples of 10.0x and 7.6x, respectively.



Target Price (€) **2.53 (3.20 pr.)**

Price (€) **1.77**

Market Cap (€ m) **36.68**

EV (€ m) **51.07**

As of April 19th, 2024

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	NSP.MI/NSP:IM
ISIN	IT0005497018
N. of Shares	20,783,322
Free Float	57.00%
President & CEO	Dario Melpignano

Financials

	2023A	2024E	2025E	2026E
Sales	21.15	24.11	27.97	33.56
yoy %	0.6%	14.0%	16.0%	20.0%
EBITDA	4.55	6.38	8.06	10.23
EBITDA %	21.5%	26.5%	28.8%	30.5%
EBIT	1.44	1.78	3.46	5.53
EBIT %	6.8%	7.4%	12.4%	16.5%
Net Income	0.20	0.71	1.94	3.48
Net Debt	14.38	11.56	9.03	5.81

Performance

	1M	3M	6M
Absolute %	(10.6%)	1.1%	7.6%
Relative (FTSE Italia Growth)	(9.9%)	3.5%	5.5%
52-week High/Low (Eu)	2.46	/	1.51

Research Department of



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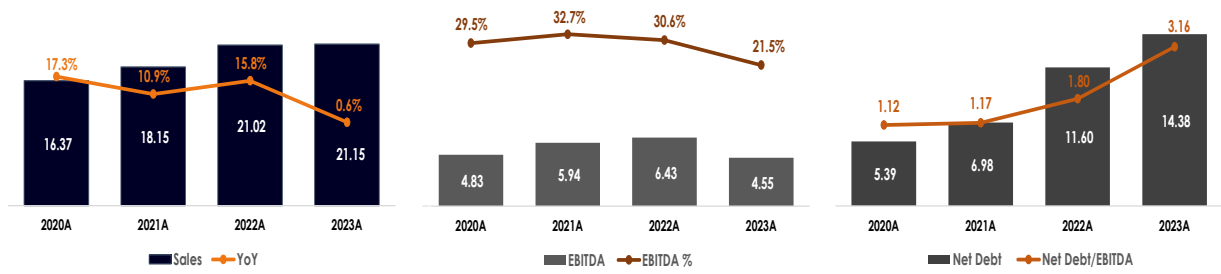
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KEY FINANCIALS

Profit&Loss Statement	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Sales	16.37	18.15	21.02	21.15	24.11	27.97	33.56
Revenues (VoP)	19.55	20.71	25.24	26.07	27.85	31.72	37.32
EBITDA	4.83	5.94	6.43	4.55	6.38	8.06	10.23
EBIT	0.81	1.48	1.51	1.44	1.78	3.46	5.53
Financial Income (charges)	(0.10)	(0.38)	(0.38)	(0.61)	(0.75)	(0.65)	(0.55)
Adjustments to financial assets	0.21	-	(0.00)	(0.20)	-	-	-
Pre-tax profit (loss)	0.92	1.10	1.13	0.63	1.03	2.81	4.98
Taxes	(0.51)	(0.32)	(0.24)	(0.43)	(0.32)	(0.87)	(1.49)
Net profit (loss)	0.41	0.78	0.89	0.20	0.71	1.94	3.48
Group's Net profit (loss)	0.26	0.60	0.68	0.16	0.56	1.48	2.67
Balance Sheet							
Net working capital	3.90	5.38	6.89	7.31	6.47	6.57	7.63
Fixed assets	19.33	26.19	39.02	43.75	42.50	41.80	41.01
M/L Funds	(1.11)	(1.32)	(1.82)	(2.06)	(2.07)	(2.07)	(2.07)
Net Capital Employed	22.13	30.25	44.09	49.01	46.89	46.30	46.56
Net Debt (Cash)	5.39	6.98	11.60	14.38	11.56	9.03	5.81
Minorities	0.70	0.63	4.07	1.77	1.92	2.37	3.18
Group's Equity	16.04	22.65	28.41	32.86	33.42	34.90	37.57
Cash Flow							
Net Profit	0.41	0.78	0.89	0.20	0.71	1.94	3.48
Non-cash items	4.53	4.68	5.42	3.35	4.61	4.60	4.70
Change in Working Capital	(0.84)	(1.48)	(1.51)	(0.43)	0.85	(0.11)	(1.06)
Cash Flow from Operations	4.11	3.98	4.80	3.12	6.17	6.43	7.13
Capex	(10.11)	(11.33)	(17.75)	(7.84)	(3.35)	(3.90)	(3.90)
Operating Free Cash Flow	(6.00)	(7.35)	(12.95)	(4.72)	2.82	2.53	3.22
Other (equity)	1.82	5.76	8.32	1.94	(0.00)	0.00	-
Free Cash Flow	(4.17)	(1.59)	(4.62)	(2.78)	2.82	2.53	3.22
Per Share Data							
Current Price (Euro)	1.77						
Total shares out fully diluted (m)	20.78						
EPS	0.02	0.04	0.04	0.01	0.03	0.09	0.17
FCF	(0.20)	(0.08)	(0.22)	(0.13)	0.14	0.12	0.16
Ratios							
EBITDA margin	29.5%	32.7%	30.6%	21.5%	26.5%	28.8%	30.5%
EBIT margin	5.0%	8.1%	7.2%	6.8%	7.4%	12.4%	16.5%
Net Debt/Equity	32.2%	30.0%	35.7%	41.5%	32.7%	24.2%	14.3%
Net Debt/(Net Debt + Equity)	24.3%	23.1%	26.3%	29.4%	24.7%	19.5%	12.5%
Net Debt/EBITDA	1.12	1.17	1.80	3.16	1.81	1.12	0.57
Interest cover EBIT	7.78	3.90	3.97	2.35	2.37	5.32	10.05
ROE	2.4%	3.3%	2.7%	0.6%	2.0%	5.2%	8.5%
ROCE	6.0%	5.9%	4.0%	3.8%	4.5%	9.3%	15.1%
Growth Rates							
Sales	17.3%	10.9%	15.8%	0.6%	14.0%	16.0%	20.0%
Revenues (VoP)	11.7%	5.9%	21.9%	3.3%	6.8%	13.9%	17.7%
EBITDA	35.2%	23.1%	8.2%	(29.3%)	40.4%	26.3%	26.9%
EBIT	(27.4%)	81.7%	2.0%	(4.5%)	23.5%	94.3%	59.8%
Net Profit	(56.8%)	90.5%	13.7%	(77.8%)	260.6%	172.7%	79.8%

Source: Group Consolidated Data & PMI Capital Research Estimates

Key Financials – Euro m



Source: Group Consolidated Data

Estimate revision – Euro m

Income Statement	2022A	2023E Old	2023A	2024E Old	2024E New	2025E Old	2025E New	2026E
Sales	21.02	24.03	21.15	27.15	24.11	36.66	27.97	33.56
yoy	15.8%	14.3%	0.6%	13.0%	14.0%	35.0%	16.0%	20.0%
Revenues (VoP)	25.24	26.84	26.07	30.01	27.85	39.56	31.72	37.32
yoy	21.9%	6.3%	3.3%	11.8%	6.8%	31.8%	13.9%	17.7%
EBITDA	6.43	7.09	4.55	8.22	6.38	11.24	8.06	10.23
EBITDA margin	30.6%	29.5%	21.5%	30.3%	26.5%	30.7%	28.8%	30.5%
EBIT	1.51	1.79	1.44	2.92	1.78	5.84	3.46	5.53
EBIT margin	7.2%	7.4%	6.8%	10.8%	7.4%	15.9%	12.4%	16.5%
Net Profit	0.89	0.94	0.20	1.74	0.71	3.70	1.94	3.48
Net profit margin	4.2%	3.9%	0.9%	6.4%	2.9%	10.1%	6.9%	10.4%
EPS	0.04	0.05	0.01	0.08	0.03	0.18	0.09	0.17

Balance Sheet	2022A	2023E Old	2023A	2024E Old	2024E New	2025E Old	2025E New	2026E
Net Working Capital	6.89	6.77	7.31	7.69	6.47	9.16	6.57	7.63
Fixed Assets	39.02	41.50	43.75	38.17	42.50	34.77	41.80	41.01
Funds	(1.82)	(1.82)	(2.06)	(1.96)	(2.07)	(1.96)	(2.07)	(2.07)
Net Capital Employed	44.09	46.45	49.01	43.89	46.89	41.97	46.30	46.56
Net Debt (Cash)	11.60	13.03	14.38	8.73	11.56	3.11	9.03	5.81
Equity	32.48	33.42	34.62	35.16	35.33	38.86	37.27	40.75
Sources	44.09	46.45	49.01	43.89	46.89	41.97	46.30	46.56

Source: Group Consolidated Data for 2022-2023 and PMI Capital Research estimates for 2024-2026

VALUATION UPDATE

Based on our updated estimates and peers' multiple re-rating since our last update in October 2023, we set a new target price of Euro 2.53 p.s. (3.20 pr.) providing an upside on the current stock price of 43%. Our valuation was obtained by weighing the DCF and multiple comparison analysis equally. At our target price, the stock would be trading at FY24E/25E EV/EBITDA multiples of 10.0x and 7.6x.

Valuation Summary

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 23/25 and Peers (@ 30% discount)	50%	2.87	59.72
DCF (WACC 10.5% and g 1.0%)	50%	2.18	45.35
Target Price	100%	2.53	52.53

Source: PMI Capital Research Estimates

DCF model

DCF Valuation		
Euro m		
WACC	10.5%	
g	1.0%	
Sum of PV 2024-27 FCFs	13.41	21.8%
Discounted terminal value	48.09	78.2%
Enterprise Value	61.50	
Net Debt (FY23)	14.38	
Minorities (FY23)	1.77	
Equity Value	45.35	
N. of outstanding shares (m)	20.78	
Fair Value p.s. (Euro)	2.18	

Source: PMI Capital Research estimates.

Multiples Comparison

Following our peers and comparables analysis, we evaluated the company by using the 2023E–25E EV/EBITDA and P/E market multiples of the peers considered, both International and Italian.

Peers	Ticker	Market Cap	Price	Sales 2023E	EBITDA 2023E %	2023E-2025E CAGR			
						Sales	EBITDA	EBIT	Net Income
Adobe Inc.	ADBE-US	195,247.38	435.82	17,653.37	49.5%	12.8%	12.0%	12.9%	12.6%
Salesforce.Com Inc.	CRM-US	245,790.90	253.39	32,210.88	40.3%	10.6%	10.1%	16.5%	17.9%
Gartner Inc.	IT-US	32,126.20	412.73	5,497.95	25.1%	8.6%	6.7%	6.1%	7.4%
Hubspot	HUBS-US	29,979.16	591.60	2,016.35	18.5%	18.9%	24.3%	26.1%	22.9%
Reply SpA	REY-IT	4,538.01	121.30	2,118.00	16.4%	9.8%	8.5%	8.5%	13.1%
Entersoft	ENTER-GR	235.50	7.85	38.80	32.2%	17.4%	19.0%	22.7%	24.8%
Appier Group, Inc.	4180-JP	811.13	7.95	163.59	10.7%	28.5%	64.8%	154.1%	113.2%
Sidetrade SA	ALBFR-FR	240.74	164.00	43.69	14.6%	19.5%	23.2%	21.3%	19.5%
GeneDx Holdings Corp.	WGS-US	235.39	9.03	179.91	(55.8%)	17.3%	(63.2%)	(48.0%)	(51.3%)
Sikri Holding AS	SIKRI-NO	79.75	0.61	92.90	16.6%	5.8%	24.3%	60.7%	n.a.
Average		50,928.42	200.43	6,001.54	16.8%	14.9%	13.0%	28.1%	20.0%
NEOSPERIENCE	NSP-IT	36.68	1.77	21.15	21.5%	15.0%	33.1%	54.9%	213.6%

Source: FactSet data as of April 19th, 2024, and PMI Capital Research Estimates for NEOSPERIENCE

Peers	EV/EBITDA			P/E		
	23E	24E	25E	23E	24E	25E
Adobe Inc.	28.81	19.88	17.98	28.94	25.82	22.86
Salesforce.Com Inc.	19.67	17.32	15.83	32.89	27.60	24.40
Gartner Inc.	25.42	24.25	21.97	38.87	38.68	34.03
Hubspot	70.71	62.60	50.28	107.17	90.53	75.32
Reply SpA	12.50	11.90	10.78	24.20	21.35	18.99
Entersoft	15.39	15.80	13.39	34.13	26.17	21.81
Appier Group, Inc.	63.26	26.68	15.77	133.20	64.98	28.72
Sidetrade SA	36.04	30.34	24.06	41.73	35.69	29.23
GeneDx Holdings Corp.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sikri Holding AS	8.83	7.17	5.67	720.00	15.82	9.00
Average	31.18	24.00	19.53	129.01	38.52	29.37
NEOSPERIENCE	11.23	8.00	6.34	259.21	71.88	26.36
<i>Premium/Discount to Peers</i>	<i>(64.0%)</i>	<i>(66.6%)</i>	<i>(67.5%)</i>	<i>100.9%</i>	<i>86.6%</i>	<i>(10.3%)</i>

Source: FactSet data as of April 19th, 2024, and PMI Capital Research Estimates for NEOSPERIENCE

INDUSTRY COMPARISON

Neosperience Spa (NSP-IT): PMI Capital Research estimates and Factset Data

EGM Sector: average data for listed on EGM included in the Technology Services sub-sector: Almwave (AIW-IT), Circle (CIRC-IT), Cyberoo (CYB-IT), Datrix (DATA-IT), Defence Tech Holding (DTH-IT), DHH (DHH-IT), DigiTouch (DGT-IT), Doxee (DOX-IT), Expert.ai (EXAI-IT), Franchetti (FCH-IT), Growens (GROW-IT), MAPS (MAPS-IT), Neosperience (NSP-IT), Relatech (RLT-IT), SIAV (SIAV-IT), Spindox (SPN-IT).

Industry Peers: average data for a selected group of industrial peers (see tables above)

Euronext Growth Milan: average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Growth Index.

	NSP-IT Neosperience	Technology Services EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials 2022 (Euro m)				
Sales	21.02	35.84	6,142.85	49.51
EBITDA	6.43	4.48	1,225.45	7.86
EBITDA %	30.6%	12.5%	19.9%	15.9%
EBIT	1.51	0.60	1,690.02	4.20
EBIT %	7.2%	1.7%	27.5%	8.5%
Earnings	0.89	(.22)	1,296.81	2.38
Earnings %	4.2%	(0.6%)	21.1%	4.8%
Net Debt	11.60	4.19	(365.01)	5.75
ND/EBITDA	1.80	0.94	(0.30)	0.73
FY21-23 Revenues CAGR	7.9%	21.8%	29.7%	24.1%
FY22-24 Revenues CAGR	7.1%	14.8%	4.4%	12.2%
Market Data				
Market Cap	36.68	62.53	42,459.93	38.59
EV	51.07	66.72	51,819.95	43.47
Free Float	57.0%	41.6%	72.1%	32.9%
ADTT YTD (Eu k)	270.56	115.01	1,791,782.44	55.54
Market Multiples (x)				
EV/Sales 2023	2.41	2.15	6.24	2.03
EV/Sales 2024	2.12	1.76	5.21	1.39
EV/Sales 2025	1.83	1.39	4.54	1.02
EV/EBITDA 2023	11.23	24.30	31.18	10.49
EV/EBITDA 2024	8.00	10.44	24.00	6.64
EV/EBITDA 2025	6.34	8.22	19.53	5.25
EV/EBIT 2023	35.45	15.80	55.53	13.21
EV/EBIT 2024	28.69	10.66	31.96	11.50
EV/EBIT 2025	14.77	9.15	23.83	8.16
P/E 2023	259.21	27.42	129.01	23.62
P/E 2024	71.88	17.57	38.52	29.02
P/E 2025	26.36	14.73	29.37	14.07
Earnings Yield	0.4%	3.6%	0.8%	4.2%
Stock Performance				
1D	(1.7%)	(0.0%)	(1.1%)	0.3%
1W	(15.6%)	(1.8%)	(2.6%)	(0.5%)
1M	(10.6%)	(4.4%)	(3.6%)	(0.8%)
3M	1.1%	2.2%	14.5%	(2.2%)
6M	7.6%	7.2%	33.8%	2.0%
YTD	(3.0%)	1.4%	42.5%	1.0%
1Y	(9.0%)	2.0%	24.4%	(13.1%)

Source: FactSet and PMI Capital data as of April 19th, 2024, Group data and PMI Capital Research estimates for NEOSPERENCE

NEOSPERIENCE IN BRIEF

Group Description

Neosperience is a leading Italian Tech Company specializing in Artificial Intelligence & Machine Learning applied to Customer Analytics, to assist and improve decision-making. The Company was founded in Brescia in 2006 by Dario Melpignano and Luigi Linotto, who currently hold the positions of Chairman & CEO and Executive Vice President respectively.

Neosperience aims to establish itself as a global leader in the customer experience and process innovation market, leveraging the advent of AI and seeking to seize the opportunities offered by this new scenario.

One of Neosperience's main strengths is the modular and scalable architecture of its proprietary application platform 'Neosperience Cloud'. It is a tailor-made solution for corporate customers that adapts to the needs of different industries, overcoming the limitations of traditional software platforms. Furthermore, Neosperience offers a complete service, ranging from data collection and analysis to the creation of customized digital products for its clients.

Innovation

- **Neosperience Cloud** is powered by artificial intelligence algorithms, which allow business processes to be optimized, ranging from the generation of new business opportunities to marketing and operations. The composable platform consists of modular components that can be dynamically combined and reorganized to create customized solutions to improve the customer experience and operational processes.

From Neosperience Cloud have derived all the technological and business initiatives both started and in the pipeline for the different industries: Neosperience Health Cloud, LegalTech Cloud (Elibra), Empathic Commerce Cloud, Tourism Cloud, Enterprise Cloud, Security, Safety & People Services.

- Neosperience has set up an Emphatic Approach to the business along three distinct business areas, each made up of several business units:

1. **Empathic Customer Experience**, improving the interaction between the brand and its customers through the creation of personalized and empathic digital experiences.
2. **Empathic Process Innovation**, evolving customers' corporate culture and operations with new tools, processes, and ways of working, with more efficient involvement of collaborators and partners.
3. **Empathic Business Transformation**, supporting customers in defining their digital transformation strategies and creating new business models.

Strategy

- **Consolidation of the group's competitive positioning in the reference market.**
- **International expansion.**
- **M&A opportunities.**
- **Establishment of vertical sector spin-offs, and collaboration with technology and market partners.**
- **Acquisition of new customers.**

Management & Group Structure

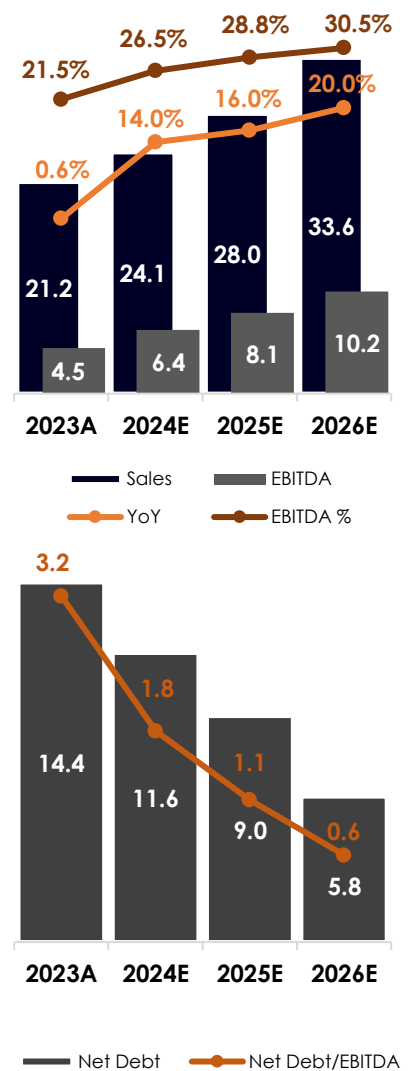
The board of Directors is composed of 9 members, one of whom is an independent director:

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

Awards

In 2023, Neosperience was recognized by UNHCR for its dedication to promoting refugee employment integration through collaborative initiatives with Powercoders. Neosperience and Yonder Labs' research on Digital Twin implementation in manufacturing won the Best Paper Award at the I3M conference, demonstrating the scientific validity and tangible impact of the approach underlying our solution.

Key Financials – Euro m



NEOSPERIENCE ON Euronext GROWTH MILAN

IPO

Trading Market: Euronext Growth Milan
Date: February 20th, 2019
Price: Euro 3.42
Capital raised: Euro 4.13 m
Capitalisation: Euro 22.11 m

SHARES (as of April 19th, 2024)

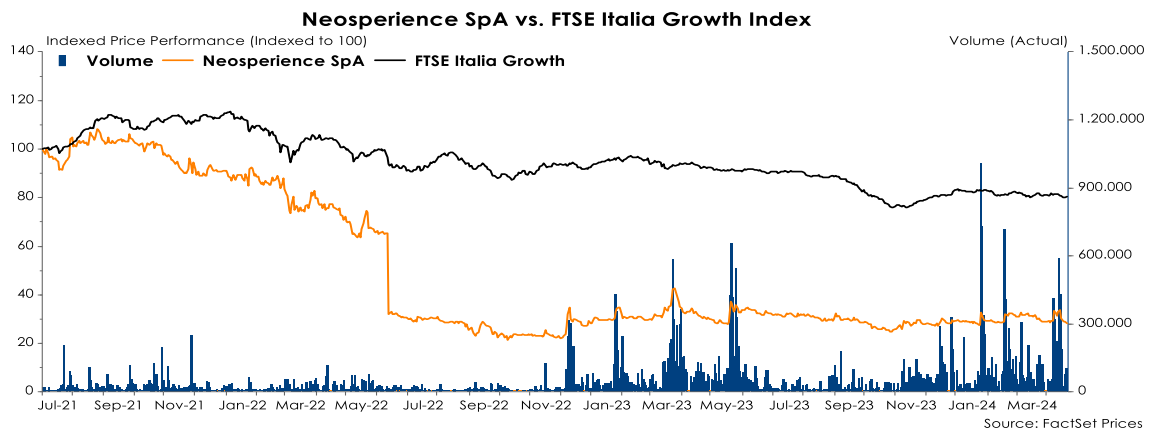
Code: NSP
Bloomberg: NSP:IM
Reuters: NSP.MI
ISIN: IT0005497018
Shares: 20,783,322
Price: Euro 1.77
Capitalisation: Euro 36.68 m
Free Float: 57.0%
EGA: CFO Sim
Specialist: Banca Finnat Euramerica SpA
Auditing firm: BDO Italia SpA

Ownership

Shareholder	N. Shares	%
Neos S.r.l.*	6,671,680	32.1%
RH Tech Consulting S.r.l.	2,266,000	10.9%
Free Float	11,845,642	57.0%
Total	20,783,322	100.0%

*Company 50% owned by Dario Melpignano, 24.81% by Luigi Linotto and 25.19% by Matteo Linotto.
Source: Group website

STOCK PERFORMANCE



DISCLAIMER

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Date	Target Price	Market Price	Validity Time
22 April 2024	2.53	1.77	12 months
23 October 2023	3.20	1.63	12 months
08 May 2023	3.35	1.75	12 months
10 October 2022	4.30	1.36	12 months
11 April 2022	5.88*	4.70	12 months
24 January 2022	5.83*	5.40	12 months

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

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Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

Luca Previtali (Analyst)

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