

NSP Ready to Targets High-Tech Opportunities

ADD | Fair Value: €2.09 (€2.94) | Current Price: €1.76 | Upside: +26.7%

| € Million | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E | FY27E |
|----------------|-------|-------|-------|-------|-------|-------|-------|
| Sales Revenues | 18.2 | 21.0 | 21.2 | 23.6 | 28.0 | 32.7 | 36.6 |
| EBITDA | 5.9 | 6.4 | 4.6 | 5.6 | 6.9 | 8.9 | 10.7 |
| margin | 32.7% | 30.6% | 21.7% | 23.6% | 24.7% | 27.2% | 29.2% |
| Net Profit | 0.6 | 0.7 | 0.2 | 1.1 | 1.6 | 2.6 | 3.4 |
| margin | 3.3% | 3.2% | 0.8% | 4.8% | 5.9% | 7.8% | 9.2% |
| EPS | 0.03 | 0.04 | 0.01 | 0.05 | 0.08 | 0.12 | 0.16 |
| NFP | 7.0 | 11.6 | 14.4 | 13.1 | 11.8 | 8.6 | 3.4 |

Source: Company Data (2020-2023), KT&Partners' Elaboration (2024-2027)

FY23 Financial results. Neosperience announced its FY23 consolidated financial results, with sales at €21.2mn, in line with the previous year, but missing our estimate of €24.5mn (-13.6%). The Group scored €26.1mn in total revenues for the period, (+3.3% YoY), standing just 3.3% below our expectations of €26.1mn followed higher than expected other revenues contribute (€2.5mn vs €4.9mn). Focusing on the profitability, FY23 EBITDA stood at €4.5mn, which marks a decline of -28.6% from €6.4mn in FY22 and missing our estimate of €7.5mn; the marginality fell from 25.5% to 17.4%. The decrease in the EBITDA margin was primarily due to: i) an increase in personnel and rental costs, and ii) a rise in other cost incidences, that includes extraordinary expenses from a voluntary payment made to the Italian tax authority to settle a dispute over a tax credit for R&D activities claimed in 2019. By adjusting the EBITDA for this voluntary repayment (€521k), the adj. EBITDA would stand at €5.1mn on a 19.6% EBITDA margin. EBIT has suffered the depreciation of commercial credits amounting to €545k, falling in the context of the development of an innovative solution for a client operating in the fintech sector. NFP worsened to €14.4mn, up from €13.1mn at the end of 1H23 and from €11.6mn recorded in FY22, due to the significant investments made during the year and an increase in TWC.

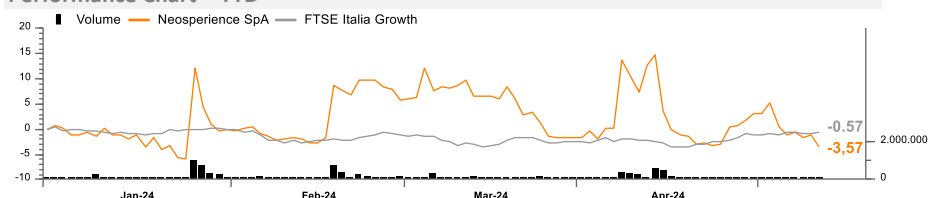
NSP Poised to Capture Opportunities in High-Tech Growth Sectors. The field of artificial intelligence has undergone a revolutionary transformation with the emergence of Large Language Models and generative AI, leading to unprecedented innovations in software solutions. In this transformative era, NSP has embraced the opportunity to explore AI's new frontiers by launching two strategic projects with a combined investment of €12 million. These projects are focused on harnessing AI in key sectors: e-commerce and healthcare. They aim to develop proprietary solutions that could revolutionize shopping experiences and significantly improve the efficiency and effectiveness of medical care. Partially funded by the Ministry of Economic Development, these initiatives emphasize their strategic importance and offer exciting challenges and significant growth opportunities.

Waiting for Neosperience Health Listing on Nasdaq. Neosperience Health has completed the admission process for its NASDAQ listing, with the IPO timeline now being finalized by the SEC. Simultaneously, the company is developing new technological solutions aimed at public and private hospitals, diagnostic centers, and care homes, with a particular focus on elderly care, including home services both in domestic and international markets.

Change in estimates. Following Neosperience's release of its FY23 financial results we revised our estimates for the 2024E-26E period and added our forecast for the FY27E period. We now anticipate FY24E sales revenues to be €23.6mn, down from the prior seen €29.1mn to growth at a CAGR23A-27E of 14.7% until reaching €36.6mn in FY27E. We also revised our EBITDA projections now seen at €5.6mn in FY24E (vs prior €9mn) with a margin at 23.6% vs 30.9% in our prior estimates mainly due to an increase in the incidence on sales of service costs and personnel expenses. We expect NSP will reach at the end of forecasted period at €10.7mn with a margin of 29.2%. Finally, we project FY24E NFP to be €13.1mn from the prior €7.6mn, to reflect the higher TWC cash absorption.

Valuation. Our valuation – based on both market multiples method (EV/EBITDA and P/E) and DCF – returns an average equity value of €47.5mn or a fair value of €2.09ps, showing a potential upside of +26.7% on current market price.

Performance Chart – YTD



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Research Update

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Market Data

| | |
|---------------------------|-------|
| Main Shareholders | |
| Neos S.r.l. | 32.1% |
| RH Tech Consulting S.r.l. | 10.9% |
| Mkt Cap (€ mn) | 36.5 |
| EV (€ mn) | 51.7 |
| Shares out. | 20.8 |
| Free Float | 56.5% |

| Market multiples | 2023 | 2024 | 2025 |
|-----------------------------|-------|-------|-------|
| EV/EBITDA | | | |
| Neosperience SpA | 11.5x | 9.4x | 7.6x |
| Comps Average | 9.9x | 9.0x | 7.8x |
| Neosperience SpA vs Average | 15% | 5% | -3% |
| P/E | | | |
| Neosperience SpA | n.m. | 32.5x | 22.2x |
| Comps Average | 20.6x | 14.2x | 12.1x |
| Neosperience SpA vs Average | n.a. | n.m. | n.m. |

Stock Data

| | |
|------------------------|---------|
| 52 Wk High (€) | 2.46 |
| 52 Wk Low (€) | 1.51 |
| Avg. Daily Trading 90d | 119,121 |
| Price Change 1w (%) | -8.36 |
| Price Change 1m (%) | -10.23 |
| Price Change YTD (%) | -3.57 |

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH BANCA FINNAT S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF EURONEXT GROWTH MILAN MARKET RULES FOR COMPANIES

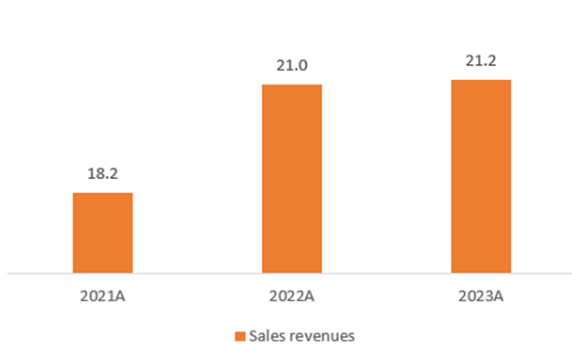
Key Figures – Neosperience SpA

| Current price (€) | Fair Value (€) | | Sector | | | | | Free Float (%) |
|--------------------------------------|----------------|--------|--------------------|--------|-------|-------|-------|----------------|
| 1.76 | 2.09 | | Digital Innovation | | | | | 56.5% |
| Per Share Data | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Total shares outstanding (mn) | 19.18 | 19.18 | 19.18 | 20.78 | 20.78 | 20.78 | 20.78 | 20.78 |
| EPS | 0.02 | 0.04 | 0.05 | 0.01 | 0.07 | 0.10 | 0.16 | 0.21 |
| Dividend per share (ord) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Dividend pay out ratio (%) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Profit and Loss (EUR million) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Sales | 16.4 | 18.2 | 21.0 | 21.2 | 23.6 | 28.0 | 32.7 | 36.6 |
| EBITDA | 4.8 | 5.9 | 6.4 | 4.6 | 5.6 | 6.9 | 8.9 | 10.7 |
| EBIT | 0.8 | 1.5 | 1.5 | 1.4 | 2.1 | 3.0 | 4.5 | 5.8 |
| EBT | 0.9 | 1.1 | 1.1 | 0.6 | 1.9 | 2.7 | 4.2 | 5.6 |
| Taxes | (0.5) | (0.3) | (0.2) | (0.4) | (0.4) | (0.6) | (0.9) | (1.2) |
| Tax rate | 56% | 29% | 21% | 69% | 21% | 21% | 21% | 21% |
| Net Income | 0.4 | 0.8 | 0.9 | 0.2 | 1.5 | 2.1 | 3.3 | 4.4 |
| Net Income attributable to the Group | 0.3 | 0.6 | 0.7 | 0.2 | 1.1 | 1.6 | 2.6 | 3.4 |
| Balance Sheet (EUR million) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Total fixed assets | 19.0 | 25.8 | 38.6 | 43.3 | 44.2 | 44.5 | 44.4 | 43.8 |
| Net Working Capital (NWC) | 4.2 | 5.8 | 7.3 | 7.8 | 7.9 | 9.2 | 10.5 | 11.4 |
| Provisions | (1.1) | (1.3) | (1.8) | (2.1) | (2.9) | (3.8) | (4.7) | (5.8) |
| Total Net capital employed | 22.1 | 30.3 | 44.1 | 49.0 | 49.2 | 50.0 | 50.2 | 49.4 |
| Net financial position/(Cash) | 5.4 | 7.0 | 11.6 | 14.4 | 13.1 | 11.8 | 8.6 | 3.4 |
| Group Shareholder's Equity | 16.0 | 22.6 | 28.4 | 32.9 | 34.0 | 35.6 | 38.2 | 41.6 |
| Minorities | 0.7 | 0.6 | 4.1 | 1.8 | 2.1 | 2.6 | 3.4 | 4.4 |
| Total Shareholder's Equity | 16.7 | 23.3 | 32.5 | 34.6 | 36.1 | 38.2 | 41.6 | 46.0 |
| Cash Flow (EUR million) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Net operating cash flow | 4.3 | 5.6 | 6.2 | 3.6 | 5.1 | 6.3 | 7.9 | 9.5 |
| Change in NWC | (1.0) | (1.5) | (1.5) | (0.5) | (0.1) | (1.3) | (1.3) | (0.9) |
| Capital expenditure | (9.9) | (10.7) | (18.2) | (7.4) | (4.3) | (4.3) | (4.3) | (4.3) |
| Other cash items/Uses of funds | 0.4 | (0.3) | 0.9 | (0.2) | 0.8 | 0.9 | 1.0 | 1.0 |
| Free cash flow | (6.1) | (7.0) | (12.6) | (4.5) | 1.5 | 1.6 | 3.3 | 5.3 |
| Enterprise Value (EUR million) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Market Cap | 50.6 | 54.1 | 33.6 | 37.8 | 36.5 | 36.5 | 36.5 | 36.5 |
| Minorities | 0.7 | 0.6 | 4.1 | 1.8 | 2.1 | 2.6 | 3.4 | 4.4 |
| Net financial position/(Cash) | 5.4 | 7.0 | 11.6 | 14.4 | 13.1 | 11.8 | 8.6 | 3.4 |
| Enterprise value | 56.7 | 61.7 | 49.2 | 54.0 | 51.7 | 50.9 | 48.5 | 44.3 |
| Ratios (%) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| EBITDA margin | 0.3x | 0.3x | 0.3x | 0.2x | 0.2x | 0.2x | 0.3x | 0.3x |
| EBIT margin | 0.0x | 0.1x | 0.1x | 0.1x | 0.1x | 0.1x | 0.1x | 0.2x |
| Gearing - Debt/equity | 0.3x | 0.3x | 0.4x | 0.4x | 0.4x | 0.3x | 0.2x | 0.1x |
| Interest cover on EBIT | 0.1x | 0.3x | 0.3x | 0.4x | 0.1x | 0.1x | 0.0x | 0.0x |
| NFP/EBITDA | 1.1x | 1.2x | 1.8x | 3.1x | 2.4x | 1.7x | 1.0x | 0.3x |
| ROCE | 0.0x | 0.0x | 0.0x | 0.0x | 0.0x | 0.1x | 0.1x | 0.1x |
| ROE | 0.0x | 0.0x | 0.0x | 0.0x | 0.0x | 0.0x | 0.1x | 0.1x |
| EV/Sales | 3.2x | 2.9x | 2.5x | 2.5x | 2.2x | 1.9x | 1.6x | 1.4x |
| EV/EBITDA | 10.9x | 8.9x | 8.2x | 11.5x | 9.4x | 7.6x | 5.9x | 4.9x |
| P/E | n.m. | 61.1x | 53.7x | n.m. | 32.5x | 22.2x | 14.3x | 10.8x |
| Free cash flow yield | -16.7% | -19.1% | -34.4% | -12.3% | 4.0% | 4.3% | 9.1% | 14.5% |
| Growth Rates (%) | 2020A | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E |
| Total Revenues | -6.5% | 10.9% | 15.8% | 0.6% | 11.7% | 18.5% | 16.9% | 11.9% |
| EBITDA | 35.2% | 23.0% | 8.3% | -28.6% | 21.3% | 24.0% | 28.7% | 20.4% |
| EBIT | -27.4% | 81.7% | 2.0% | -4.5% | 48.9% | 38.7% | 49.6% | 29.3% |
| Net Income | -56.8% | 90.4% | 13.8% | -77.8% | n.m. | 46.6% | 55.5% | 31.6% |

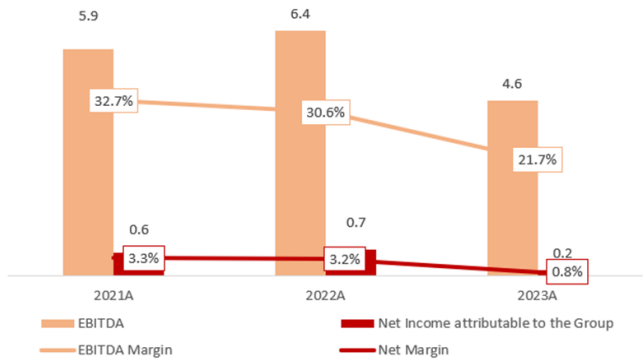
Source: Company Data (2020-2023), KT&Partners' forecasts (2024-2027)

Key Charts

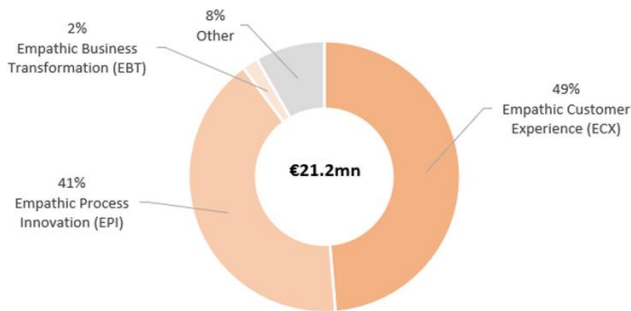
Sales Revenues (€mn)



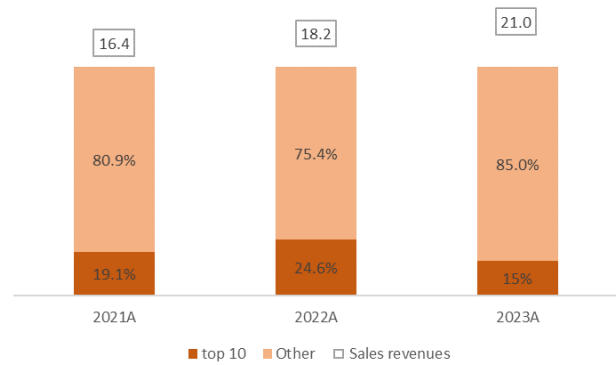
EBITDA and Net Income (€mn, %)¹



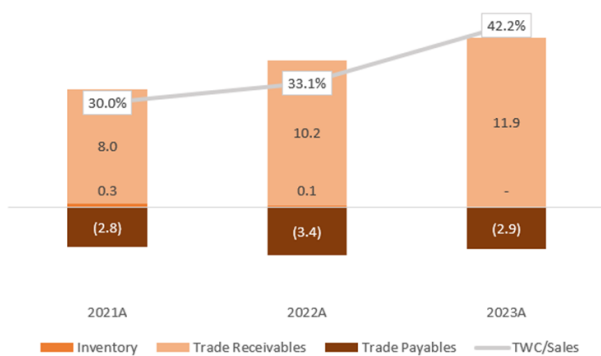
FY23 Sales Revenues Breakdown by Business Area (€mn)



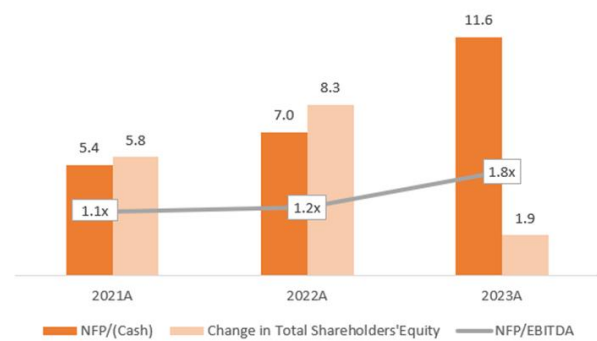
Sales Revenues Breakdown by Client (€mn)



Trade Working Capital (€mn, %)



NFP, Change in Shareholders' Equity and NFP/EBITDA (€mn)



¹ Margins are calculated on Sales Revenues

Company Overview

Neosperience SpA

Neosperience SpA, located in Milan (Italy), is a company active in the digital transformation industry, acting as a software vendor of its cloud-based platform Neosperience Cloud, which provides cutting-edge solutions aimed at supporting companies in their digitalization journey.

Started as a platform almost exclusively dedicated to meeting marketing needs, it has evolved throughout the years into a larger-scope suite that offers a wide array of applications, also embracing such operational processes as sales and logistics; the platform integrates cognitive, behavioural, social, and marketing psychology with AI and machine learning and offering a broad range of technological tools for analysing online customer behaviours (web, digital commerce, apps, chatbots). It is a world-class platform focused on customer analytics, awarded by Gartner as one of the top six most innovative software vendors, along with Salesforce and SAS, because of its deep knowledge in cognitive, behavioural, and social sciences. The platform solutions are constantly updated and improved, based on testing, use, and customer feedback. They incorporate the answer to marketing and sales needs in major industries (fashion and luxury, retail, healthcare, manufacturing, and financial services). Thanks to its API-first paradigm and its serverless microservices architectures, Neosperience Cloud develops applications focused on business, targeted on any industry specificities.

The Company's activity is divided in three business areas representing the applications that shape Neosperience Cloud: i) Empathic Customer Experience (ECX) – aimed at improving customer relationships organizing marketing processes, omnichannel touchpoints, state-of-the-art technologies, and data analysis to provide a customer experience that always meets clients' expectations; ii) Empathic Process Innovation (EPI) – is an area that supports clients in the digitalization of their operations, starting from solutions aimed at enhancing Company's ERP to the CRM and the other external processes through the implementation of AI, B2B industry-specific platforms, knowledge management systems, and supply-chain planning; and iii) Empathic Business Transformation (EBT) – area involved in providing to SMEs a support in the projection, implementation, and execution of a digitalization strategy plan. EBT business area also includes 4 vertical solutions aimed at accelerating the company value generation: HealthTech, LegalTech, SafeTech, and TourismTech. The remaining 8% of sales revenues is attributable to other secondary services.

Since 2018, thanks to an outstanding revenues acceleration driven by both organic and inorganic growth, the Company has been able to increase its sales from €5.2mn in FY17A to €21mn in FY23A, equal to a CAGR_{2017-23A} of +26.2%.

Investment case

- **A modular, scalable, and serverless platform.** Neosperience is the owner of a proprietary end-to-end software suite for supporting companies in their CX needs and operational processes. The AI-based platform is powered by algorithms based on the serverless Amazon Web Service (AWS) infrastructure, which is the most flexible and agile cloud computing service on the market. Furthermore, it is based on a modular logic which allows customization according to one's needs and industry. This software architecture has therefore the quality of being scalable and open to the changing market needs.
- **An Outstanding and Highly Diversified Client Portfolio.** Neosperience could boast a customer base composed of more than 800 large and SME enterprises with an outstanding reputation and belonging to numerous industries such as Fashion, Luxury & Beauty, Consumer Goods, Retail & Distribution, Energy & Communications, Automotive, HealthCare & Life Sciences, Financial Services, Travel & Transportation, and Public Institution.

- **A Consolidated Buy & Build M&A Strategy.** Since the IPO, Neosperience has started an external line growth strategy aimed at becoming one of the most important technological hubs in Europe and an M&A consolidator in a highly fragmented and fast-growing arena. Over the last 5 years, the Company completed 7 M&As (House of K, WorkUp, ADChange, Myti, Looptribe, Rhei, and Reevo) to acquire further know-how, new promising software platforms, skilled developers, distribution networks, and vertical solutions.
- **An ever-growing market also boosted by NNRP funds.** Neosperience is active in the customer experience and, more broadly, the digital transformation industry. According to Statista, in 2022, the CX personalization and optimization software market was expected to reach \$8.3bn globally and is projected to growth at a CAGR2021E–26E of +10.6% reaching \$11.6bn by 2026.

Recent Developments

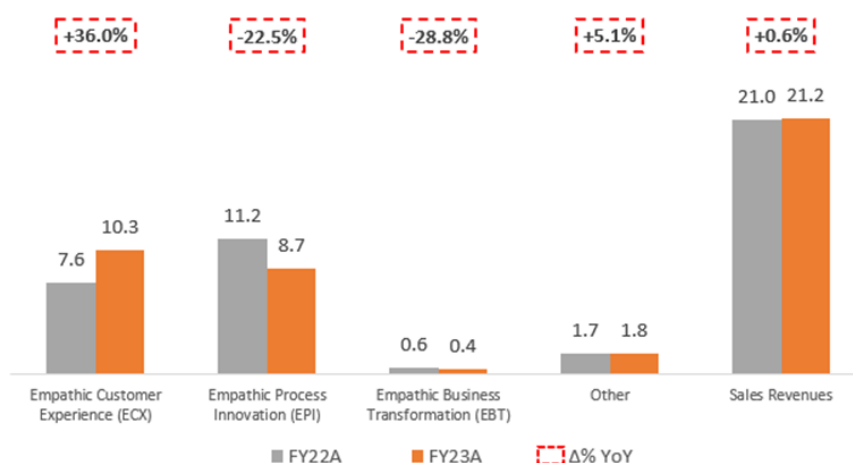
- **Neosperience new financing for €10mn.** Neosperience S.p.A. announced on March 28, 2024, that it has secured a financing agreement worth €10mn. This package includes three separate medium to long-term credit lines from illimity Bank's Corporate Banking Division, which specializes in business enterprise services. The funds, partially secured by MCC and SACE Futuro guarantees, will be utilized to meet working capital requirements and fund investments as detailed in the company's strategic plan, which was revealed on May 9, 2023. This financial boost will enable Neosperience to capitalize on the growing demand for services and application solutions that harness recent developments in artificial intelligence, including expanding through partnerships and acquisitions both in Italy and abroad.
- **Neosperience announced the share capital increase.** Neosperience announced to have completed the increase of share capital of €3.1mn after issuing 1,600,000 new ordinary shares aimed at covering the costs for the 49% residual stake acquisition of Rhei S.r.l.
- **Neosperience develops Sinelec's C-ITS platform, the future foundation of smart roads.** On June 23, 2023, Neosperience announced that has been chosen by Sinelec, a technological company within the ASTM Group, one of the world's largest highway operators, for the development of their own C-ITS platform, dedicated to vehicle-to-everything (V2X) communication, a fundamental element for the development of Smart Roads of the future.
- **New R&D project on behalf of Italina Ministry of Industry.** On October 27, 2023, Neosperience announced a partnership with ecosostenibile.eu (an innovative start-up born as a spin-off of the Italian Ministry for the Environment) for the launch and commercial promotion of eCO2, a AI-based platform designed to help Companies to optimize and digitalize their ESG processes.
- **Neosperience Health to access foreign capital markets.** On May 19, 2023, Neosperience Health, 90% owned by Neosperience, announced its intention to tap U.S. capital markets, approving the issue of maximum 100,000,000 shares that can be issued in the future also for further fundraising either in Italy or in foreign capital markets, including the U.S.. The admission process for Neosperience Health's listing on NASDAQ has been completed, and the timeline for the IPO is currently being determined by the SEC.

FY23 Financial Results

Neosperience announced its FY23 consolidated financial results, reporting sales revenues at €21.2mn, in line with sales achieved in the previous year (€21.0mn in FY22), but missing our estimate of €24.5mn (-13.6%). The Group scored €26.1mn in total revenues for the period, (+3.3% YoY), standing just 3.3% below our expectations of €26.1mn followed higher than expected other revenues contribute (€2.5mn vs €4.9mn). The Company showed €4.9mn in Other Revenues, which consist mostly of increase in assets from internal work deriving from the capitalized expenses incurred for the development of Neosperience Enterprise Cloud, Neosperience Health Cloud, and Empathic Digital Commerce platforms.

Looking at the breakdown by Business Unit, the Group achieved a significant growth for its Empathic Customer Experience (ECX) unit, which grew by +36% YoY reaching €10.3mn of revenues and accounting for 48.7% of sales; the Empathic Process Innovation (EPI) unit underperformed previous year's sales figures falling to €8.7mn in sales from €11.2mn (-22.5% YoY); the Empathic Business Transformation unit (EBT) contributed with €0.4mn to the Group revenues, 28.8% less than previous year due to the strategic decision of the Company to not pursue more projects related to SafeTech solutions assigned to this unit and focus on more remunerative projects in other areas. The other areas related to the activities carried by Neosperience participated companies (Elibra, Neosperience Health, NeosLogos) increased their revenues by 5% YoY with €1.8mn in revenues.

FY22-23A Sales Revenues Breakdown by Business Unit (€mn)



Source: KT&Partners' Elaboration on Company's Data

Focusing on the profitability, the Group recorded a FY23 EBITDA of €4.5mn, which marks a decline of -28.6% from €6.4mn in FY22 and missing our estimate of €7.5mn; the marginality fell from 25.5% to 17.4%. The EBITDA margin decrease mainly due to: i) an increase in incidence of personnel costs on sales revenues rose from 35.4% in FY22 to 37.6% in FY23; ii) higher incidence of rental costs, which rose from 3.2% to 7.0% due to an increase of costs for renting of licenses; iii) increase in other costs incidence, with an incidence on sales going up from 1.1% in FY22 to 3.0% in FY23. On this matter, it should be mentioned that the Company has incurred an extraordinary cost for a voluntary repayment made towards the Italian tax authority, in order to settle a contention over a tax credit for R&D activities benefited in 2019. By adjusting the EBITDA for the amount of this voluntary repayment (€521k), the adjusted EBITDA would stand at €5.1mn on a 19.6% EBITDA margin.

FY21A-23A EBITDA vs Adjusted EBITDA (€mn)

| € million | FY21A | FY22A | FY23A | YoY % | FY23E | A vs E % |
|-----------------------------------|-------|-------|-------|--------|-------|----------|
| EBITDA | 5.9 | 6.4 | 4.6 | -28.6% | 7.5 | -39.1% |
| <i>EBITDA margin</i> | 28.7% | 25.5% | 17.6% | -7.9% | 28.0% | -10.3% |
| Extraordinary voluntary repayment | | | 0.5 | | | |
| Adjusted EBITDA | 5.9 | 6.4 | 5.1 | -20.5% | 7.5 | -32.2% |
| <i>Adj. EBITDA margin</i> | 28.7% | 25.5% | 19.6% | -5.9% | 28.0% | -8.4% |

Source: KT&Partners' Elaboration on Company's Data

At the EBIT level, the Group contained the profitability drop reporting a FY23 EBIT of €1.4mn (FY22 EBIT of €1.5mn) on a 5.5% EBIT margin, slightly below FY22 EBIT margin of 6.0% thanks to a lower incidence of D&As and provision incidence. Indeed, the Group benefited from an exemption granted by the Italian legislation during the pandemic era to suspend the amortizations on some of its investments made to develop certain assets, both for the parent Company and for Neosperience Health. On the other hand, the EBIT has suffered the depreciation of commercial credits amounting to €545k, falling in the context of the development of an innovative solution for a client operating in the fintech sector. As the client failed to pay its obligations, in case of further failure to pay the Group reassures that can claim the developed solution for itself, which could be resold to other financial institutions helping to recover the missing monetary amount.

FY23 Net Income came in at €0.2mn, down from €0.7mn in FY22 and below our estimate of €0.7mn, also due to a higher tax incidence. After accounting for minorities, the Net Income pertaining to the Group stood at €0.2mn (vs €0.7mn), with the net margin decreasing from 2.7% in FY22 to 0.6% in FY23.

Lastly, the NFP worsened to €14.4mn, up from €13.1mn at the end of 1H23 and from €11.6mn recorded in FY22, driven up the significant investments made during the year and an increase in TWC from €7mn in FY22 to €8.9mn in FY23.

Change in Estimates

Following the release of Neosperience's financial results for FY23, we have updated our estimates for the 2024E-2026E period and extended our forecast to include FY27E. In FY23, the Company fell short of our expectations in terms of revenue, profitability, and indebtedness due to a challenging macroeconomic environment that led several clients to postpone purchases and orders. Despite this difficult year, Neosperience managed to conclude with a profit, seized the opportunity to streamline its operations, and reassessed its investment priorities. Over the coming years, the Neosperience Group plans to focus its investment efforts on developing solutions for the e-commerce and digital healthcare sectors.

In detail, we now anticipate FY24E sales revenues to be €23.6mn, down from the prior seen €29.1mn mainly due to: i) a lower contribution expected from Neosperience Health following the delay of its NASDAQ listing and ii) a slowdown in Empathic Process Innovation (EPI) business unit growth, now expected to reach €10.6mn at the end of forecasted period vs prior €15mn at FY26E. Conversely, following the FY23A performance, we expect higher contribution from Empathic Customer Experience (ECX) that is now expected to reach €16.6mn at the end of FY27E vs prior seen €13.3mn in FY26E.

Therefore, we forecast a sales growth at a CAGR23A-27E of 14.7% until reaching €36.6mn in FY27E.

FY24E Total Revenues are expected to be €27.1mn, accounting for other revenues of €3.5mn on the back of investment capitalized expenses (estimated constant for the entire forecasted period), reaching €40.1mn at the end of FY27E.

On the back of FY23A results, we also revised our EBITDA projections now seen at €5.6mn in FY24E from the previous €9mn with a margin at 23.6% vs 30.9% in our prior estimates mainly due to an increase in the incidence on sales of service costs and personnel expenses. We expect NSP will reach at the end of forecasted period at €10.7mn with a margin of 29.2%.

Looking at the bottom line, we estimate FY24E net income at €1.1mn (vs prior seen at €1.2mn) with a net margin equal to 4.8%, with the expectation of improvements over the next years until reaching a net income of €3.4mn and a net margin of 9.2% in FY27E.

Finally, we project FY24 NFP to be €13.1mn from the prior €7.6mn, to reflect the higher TWC cash absorption. However, the Group hired a new manager to improve TWC dynamics, therefore we expect a lower incidence of TWC on revenues from 38.2% in FY24E to 34.1% at the end of FY27E. We estimate a NFP of €3.4mn at the end of FY27E.

Change in Estimates

| € Millions | 2022A | 2023A | CAGR | 2024E | 2024E | Change | 2025E | 2025E | Change | 2026E | 2026E | Change | 2027E | CAGR |
|----------------|--------|--------|-----------|--------|-------|--------|--------|--------|--------|---------|--------|--------|--------|-----------|
| | Actual | Actual | 2020A-23A | Old | New | | Old | New | | Old | New | | New | 2023A-27E |
| Sales | 21.0 | 21.2 | 8.9% | 29.1 | 23.6 | -18.7% | 36.8 | 28.0 | -23.9% | 43.0 | 32.7 | -24.0% | 36.6 | 14.7% |
| YoY Change (%) | 15.8% | 0.6% | | 37.4% | 11.7% | | 26.6% | 18.5% | | 17.0% | 16.9% | | 11.9% | |
| EBITDA | 6.4 | 4.6 | -1.6% | 9.0 | 5.6 | -38.0% | 11.3 | 6.9 | -39.0% | 13.4 | 8.9 | -33.4% | 10.7 | 23.5% |
| YoY Change (%) | 8.3% | -28.6% | | 95.5% | 21.3% | | 26.1% | 24.0% | | 17.8% | 28.7% | | 20.4% | |
| EBITDA Margin | 30.6% | 21.7% | | 30.9% | 23.6% | | 30.8% | 24.7% | | 31.0% | 27.2% | | 29.2% | |
| EBIT | 1.5 | 1.4 | 21.0% | 2.4 | 2.1 | -9.5% | 4.2 | 3.0 | -29.2% | 5.7 | 4.5 | -21.8% | 5.8 | 41.4% |
| YoY Change (%) | 2.0% | -4.5% | | 64.6% | 48.9% | | 77.1% | 38.7% | | 35.6% | 49.6% | | 29.3% | |
| EBIT Margin | 7.2% | 6.8% | | 8.2% | 9.1% | | 11.4% | 10.6% | | 13.2% | 13.6% | | 15.7% | |
| Net Income | 0.7 | 0.2 | -26.7% | 1.2 | 1.1 | -6.4% | 2.3 | 1.6 | -28.4% | 3.2 | 2.6 | -20.0% | 3.4 | 113.9% |
| YoY Change (%) | -12.8% | -76.3% | | n.m. | n.m. | | n.m. | 46.6% | | 39.1% | 55.5% | | 31.6% | |
| Net Margin | 3.2% | 0.8% | | 4.1% | 4.8% | | 6.3% | 5.9% | | 7.4% | 7.8% | | 9.2% | |
| NFP | 11.6 | 14.4 | | 7.6 | 13.1 | 5.6 | 2.4 | 11.8 | 9.4 | (5.0) | 8.6 | 13.6 | 3.4 | |
| YoY Change (%) | 66.2% | 24.0% | | -47.4% | -8.6% | | -68.9% | -10.5% | | -313.2% | -26.8% | | -60.1% | |

Source, KT&Partners' Elaboration on Company Data

Valuation

Following Neosperience SpA's future financials projections, we have carried out our valuation using the multiples and DCF methods. Our fair value is the result of:

1. EV/EBITDA and P/E multiples which return a value of €1.48 per share;
2. DCF analysis based on WACC of 8.6% and 2.0% perpetual growth, which returns a value of €2.70 per share.

The average of the two methods yields a fair value of €2.09ps or an equity value of €47.5mn.

Valuation Range Recap

| | Equity Value €mn | Value per share € |
|----------------------------|------------------|-------------------|
| EV/EBITDA | 53.9 | 1.82 |
| P/E | 24.0 | 1.15 |
| Average - multiples | 38.9 | 1.48 |
| DCF | 56.0 | 2.70 |
| Average | 47.5 | 2.09 |

Source: FactSet, KT&Partners' elaborations

Market Multiples Valuation

Following our comps analysis, we evaluated the company by using the 2024–26 EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 20% liquidity/size discount and takes into account our estimates of Neosperience's EBITDA and Net Income for 2024, 2025, and 2026. We also considered FY23 NFP at €14.4mn.

Peer Comparison – Market Multiples 2023-2026

| Company Name | Exchange | Market Cap | EV/SALES 2023 | EV/SALES 2024 | EV/SALES 2025 | EV/SALES 2026 | EV/EBITDA 2023 | EV/EBITDA 2024 | EV/EBITDA 2025 | EV/EBITDA 2026 | EV/EBIT 2023 | EV/EBIT 2024 | EV/EBIT 2025 | EV/EBIT 2026 | P/E 2023 | P/E 2024 | P/E 2025 | P/E 2026 |
|------------------------------------|----------|------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|----------|----------|----------|----------|
| Alkerm SP | Milan | 57 | 0.6x | 0.6x | 0.6x | 0.5x | 7.0x | 5.3x | 4.6x | 4.2x | 11.5x | 8.0x | 6.7x | 5.8x | 16.1x | 10.4x | 8.0x | 6.6x |
| Growens S.p.A. | Milan | 109 | 0.7x | 0.7x | 0.6x | 0.6x | n.m | n.m | n.m | 28.4x | n.m | n.m | n.m | n.m | 1.7x | n.m | n.m | n.m |
| dotDigital Group plc | London | 346 | 3.8x | 3.3x | 3.0x | 2.8x | 12.1x | 11.0x | 9.9x | 9.1x | 18.6x | 17.2x | 15.3x | 13.8x | 23.3x | 22.1x | 20.9x | 19.6x |
| Maps S.p.A. | Milan | 37 | 1.6x | 1.6x | 1.5x | 1.3x | 10.0x | 7.2x | 6.2x | 5.5x | 35.8x | 15.6x | 11.7x | 9.6x | 39.5x | 17.0x | 12.1x | 9.8x |
| TechTarget, Inc. | NASDAQ | 774 | 4.1x | 4.0x | 3.6x | 3.3x | n.m | 12.8x | 11.1x | 9.6x | n.m | 16.1x | 13.2x | 11.5x | n.m | 16.6x | 15.3x | 13.9x |
| Zeta Global Holdings Corp. Class A | NYSE | 3,212 | 4.8x | 3.9x | 3.4x | 2.8x | n.m | 20.5x | 16.9x | 13.3x | n.m | 29.5x | 21.9x | 12.8x | n.m | n.m | n.m | n.a. |
| DigiTouch SpA | Milan | 28 | 0.9x | 0.7x | 0.6x | n.a. | 7.2x | 3.8x | 3.6x | n.a. | 19.7x | 8.3x | 5.7x | n.a. | 13.9x | 7.4x | 6.9x | n.a. |
| Websolite SpA | Milan | 10 | 0.7x | 0.6x | 0.6x | 0.5x | 9.9x | 3.0x | 2.6x | 2.2x | n.m | 6.2x | 4.8x | 3.7x | n.m | 7.8x | 5.6x | 4.1x |
| Relatech S.p.A. | Milan | 89 | 1.2x | 1.0x | 0.9x | 0.9x | 9.5x | 5.4x | 4.5x | 4.1x | 20.2x | 7.9x | 6.3x | 5.7x | 24.4x | 9.5x | 7.6x | 6.6x |
| Reply S.p.A. | Milan | 4,755 | 2.1x | 2.0x | 1.8x | 1.7x | 13.8x | 12.3x | 11.1x | 10.5x | 17.2x | 15.0x | 13.4x | 12.6x | 25.4x | 22.5x | 20.0x | 18.7x |
| Average peer group | | 942 | 2.1x | 1.8x | 1.7x | 1.6x | 9.9x | 9.0x | 7.8x | 9.6x | 20.5x | 13.8x | 11.0x | 9.4x | 20.6x | 14.2x | 12.1x | 11.4x |
| Median peer group | | 99 | 1.4x | 1.3x | 1.2x | 1.3x | 9.9x | 7.2x | 6.2x | 9.1x | 19.2x | 15.0x | 11.7x | 10.6x | 23.3x | 13.5x | 10.1x | 9.8x |
| Neosperience SpA | Milan | 36 | 2.5x | 2.2x | 1.9x | 1.6x | 11.5x | 9.4x | 7.6x | 5.9x | 36.5x | 24.5x | 17.7x | 11.8x | n.m | 32.5x | 22.2x | 14.3x |

Source: FactSet, KT&P's Elaboration

We end up with our Neosperience's equity value of €30.1mn for EV/EBITDA and of €21mn through the P/E method.

EV/EBITDA Multiple Valuation

| Multiple Valuation (€mn) | 2024E | 2025E | 2026E |
|---------------------------------------|-------------|-------------|-------------|
| EV/EBITDA Comps | 9.0x | 7.8x | 9.6x |
| Neosperience SpA EBITDA | 5.6 | 6.9 | 8.9 |
| Enterprise value | 50.2 | 54.2 | 85.8 |
| Average Enterprise Value | | 63.4 | |
| Liquidity/Size Discount | | 15% | |
| Enterprise value Post-Discount | | 53.9 | |
| Neosperience SpA FY23 Net Debt | | 14.4 | |
| Neosperience SpA FY23 Minorities | | 1.8 | |
| Equity Value | | 37.7 | |
| Number of shares (mn) | | 20.8 | |
| Value per Share € | | 1.82 | |

P/E Multiple Valuation

| Multiple Valuation (€mn) | 2024E | 2025E | 2026E |
|-----------------------------------|-------------|-------------|-------------|
| P/E Comps | 14.2x | 12.1x | 11.4x |
| Neosperience SpA Net Income | 1.5 | 2.1 | 3.3 |
| Equity Value | 20.7 | 25.9 | 37.9 |
| Average Equity Value | | 28.2 | |
| Liquidity/Size Discount | | 15% | |
| Equity Value Post-Discount | | 24.0 | |
| Number of shares (mn) | | 20.8 | |
| Value per Share € | | 1.15 | |

Source: FactSet, KT&P's Elaboration

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 9% cost of equity, 5% cost of debt, and a D/E ratio of 8.9% (Damodaran for software – system and applications sector). The cost of equity is a function of the risk-free rate of 3.8% (Italian 10y BTP, last 3 months average) and the equity risk premium of 4.3% (Damodaran for a mature market). We, therefore, obtained 8.6% WACC.

We discounted 2024E-27E annual cash flow and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

| € Millions | 20234E | 2025E | 2026E | 2027E |
|--------------------------------|-------------|-------|-------|-------|
| EBIT | 2.1 | 3.0 | 4.5 | 5.8 |
| Taxes | (0.5) | (0.6) | (1.0) | (1.2) |
| D&A | 3.4 | 3.9 | 4.4 | 4.9 |
| Change in Net Working Capital | (0.1) | (1.3) | (1.3) | (0.9) |
| Net Operating Cash Flow | 5.8 | 5.9 | 7.6 | 9.6 |
| Capex | (4.3) | (4.3) | (4.3) | (4.3) |
| FCFO | 1.5 | 1.6 | 3.3 | 5.3 |
| g | 2.0% | | | |
| Wacc | 8.6% | | | |
| FCFO (discounted) | 1.4 | 1.4 | 2.7 | 3.9 |
| Discounted Cumulated FCFO | 9.4 | | | |
| TV | 82.4 | | | |
| TV (discounted) | 61.1 | | | |
| Enterprise Value | 70.4 | | | |
| NFP FY2023A | 14.4 | | | |
| Minorities FY2023A | 1.8 | | | |
| Equity Value | 56.0 | | | |
| Current number of shares (mn) | 20.8 | | | |
| Value per share (€) | 2.7 | | | |

Source: FactSet, KT&P's Elaboration

Sensitivity Analysis

| € Millions | Terminal growth Rate | WACC | | | | |
|------------|----------------------|------|------|------|------|------|
| | | 9.1% | 8.8% | 8.6% | 8.3% | 8.1% |
| | 1.5% | 46.7 | 49.0 | 51.4 | 54.1 | 56.9 |
| | 1.8% | 48.6 | 51.0 | 53.6 | 56.4 | 59.5 |
| | 2.0% | 50.7 | 53.2 | 56.0 | 59.0 | 62.3 |
| | 2.3% | 52.8 | 55.6 | 58.6 | 61.8 | 65.4 |
| | 2.5% | 55.2 | 58.2 | 61.4 | 64.9 | 68.7 |

Source: KT&P's Elaboration

Appendix

Peer Comparison

To define Neosperience' peer sample, we carried out an in-depth analysis of listed companies active in the digital customer experience industry. In selecting potential peers, we considered Neosperience' offering, business model, growth, and profitability profile.

Looking at the Italian market, we note that there are not listed companies strongly focused on digital customer experience, such as Neosperience. Indeed, among the Italian companies, we selected Alkemy, Growens, Maps, DigiTouch, Websolute, Relatech and Reply, since they also are active in the digital transformation industry, as is Neosperience.

Moreover, in our panel we included international companies such as dotDigital Group, TechTarget, and Zeta Global Holdings.

For peer analysis, we built a sample of eleven companies, which includes:

- Alkemy (ALK-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €57mn, is a leading company in the digital transformation segment in Italy. Alkemy enables the evolution of enterprises' business, defining the relevant strategy through the use of technology, data, and creativity. The aim is to improve the operations and services supplied by large and medium enterprises, stimulating the evolution of their business model hand-in-hand with technological innovation and consumer conduct. In FY23A, the Company achieved €115mn of sales revenues.
- Growens (GROW-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €109mn, Growens SpA provides a digital platform for the professional management and sending of electronic mails for mass distribution. It operates through the Content Design and Mobile Messaging segments. In FY23A, the Company achieved €75mn of sales revenues.
- dotDigital Group (DOTD-GB): listed on London Stock Exchange with a market capitalization of ca. €346mn, dotDigital Group is a leading provider of marketing automation and cross-channel marketing tools designed to empower digital marketing professionals. In FY23A, the Company achieved €80mn of sales revenues.
- Maps (MAPS-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €37mn, Maps produces and distributes software for the analysis of big data that allows client companies to manage and analyze large quantities of information, helping them to make strategic and operational decisions and define new business models. In FY23A, the Company achieved €31mn of sales revenues.
- TechTarget (TTGT-US): listed on NASDAQ Stock Exchange with a market capitalization of €774mn, TechTarget engages in the provision of data and analytics and software solutions for purchase intent-driven marketing and sales data that delivers business impact for business-to-business companies. Its solutions include tech marketing, ABM, tech sales, and intent-driven services. In FY22A, the Company achieved €213mn of sales revenues.
- Zeta Global Holdings (ZETA-US): listed on NYSE Stock Exchange with a market capitalization of €3.2bn, Zeta Global Holdings operates as a marketing technology software company that engages in the provision of enterprises with consumer intelligence and marketing automation software. It enables its customers to target, connect, and engage consumers through software that delivers marketing across all addressable channels, including email, social media, web, chat, connected TV,

and video, among others. In FY23A, the Company achieved €562.3mn of sales revenues.

- DigiTouch (DGT-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €28mn, DigiTouch SpA engages in the digital advertising business. It operates through the following business divisions: DigiMob, Performedia, and Audiens. The DigiMob division provides independent concessionaires for advertisements in mobiles and new devices. The Performedia division, through the subsidiary Performedia Srl, deals with the purchase of advertising space on behalf of its clients, the creation of online performance-based advertising campaigns, and the strategic consulting for online and offline media planning. The Audiens division, through the subsidiary Audiens Srl, operates as a mobile data profiler that collects and examines socio-demographic and behavioral data of mobile users from mobile operators for the benefit of advertisers. In FY23A, the Company achieved €42mn of sales revenues.
- Websolute (WEB-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €10mn, Websolute engages in digital communication and marketing, the Company is focused on digital strategy concepts and technologies for branding policies, website design, electronic commerce, web marketing, and social media marketing. In FY23, the Company achieved €20mn of sales revenues.
- Relatech (RLT-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €10mn, Relatech SpA engages in the provision of digital solutions. The firm offers services and solutions on the RePlatform cloud-based platform in the Cloud areas (hybrid, public and private), AI, Blockchain, IoT, Cybersecurity, Virtual & Augmented Reality. In FY23, the Company achieved €91mn of sales revenues.
- Reply (RLY-IT): listed on Borsa Italiana Stock Exchange with a market capitalization of ca. €10mn, Reply SpA engages in the development of communication and digital media solutions. It operates through the following segments: Technologies, Applications, and Processes. In FY23, the Company achieved €2.1bn of sales revenues.

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- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
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