

Italy – Digital Innovation

Growing sales and EBITDA, slight decline of the bottom line

6th October 2022

H1-22 RESULTS RELEASE

RIC: NSP.MI
BBG: NSP IM

H1-22 results showed strong revenue growth sustained by increasing number of customers. EBITDA grew proportionately with top line while bottom line remained almost flat YoY on the back of the huge increase in D&A stemming from the significant investments made for developing some promising vertical applications of the Neosperience Cloud platform. Furthermore, the group is always looking for new M&A opportunities.

Rating:

Buy

Price Target:

€ 4.00 (€ 5.35)

Upside/(Downside): 175.9%

Last Price: € 1.45

Market Cap.: € 26.4m

1Y High/Low: € 3.24 / € 1.39

Avg. Daily Turn. (3M, 6M): € 21k, € 38

Free Float: 63.8%

Major shareholder:

Neos Srl 36.2%
Chelverton EU Select Fund (free float) 5.0%



Stock price performance

	1M	3M	12M
Absolute	1.4%	-20.3%	-54.1%
Rel.to FTSE IT Growth	3.6%	-19.2%	-36.2%
Rel.to Sector	0.4%	-18.0%	-32.0%

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

New DCF-based PT of € 4.00/s (€ 5.35), 175.9% upside. Buy reiterated

Neosperience reported a good set of interim results, characterised by growing revenues and margins, driven by a good organic performance coupled with the consolidation of Rhei. The group expects a good H2 in terms of both new customer acquisition as well as cross-selling activities. H1-22 revenues/EBITDA represent 46/50% of CFO SIM's FY-22 estimates, respectively, broadly in line with the group's historical seasonality. On the contrary, intangible capex of € 8.8m aimed at developing a couple of verticals of the platform in the field of Healthcare and Security & Safety, were significantly higher compared to our estimate of € 2.0m for the whole year. Thus, on the back of H1-22 results release, we have updated our model by leaving unchanged top line and EBITDA assumptions but incorporating higher-than-expected intangible capex. The combined results is an average 25.1% cut in Net Profit in 2022-24 coupled with a sharp increase in NFP projections. Moreover, CFO SIM has updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date, which is now at 2.46% compared to 1.05% of the last valuation update. Consequently, we set a new DCF-based PT for NSP at € 4.00/s (€ 5.35), 175.9% upside. Buy recommendation reiterated.

Revenues up by 34% YoY. EBITDA grew proportionately with top line

Revenues were € 11.7m, up by 33.6% YoY, thanks to increasing number of customers (over 800 as of today, compared to about 200 in 2019), the offer expansion and the consolidation of Rhei, acquired in the second half of 2021. EBITDA was € 4.1m, 30.1% margin on VoP, up by 32.4% YoY, broadly in line with top line growth, thanks to the increasing sales of scalable solutions. EBIT was flat YoY at € 1.2m, 9.1% margin on VoP, because of increasing D&A stemming from the huge investments aimed at developing the Neosperience Cloud platform as well as new solutions. Furthermore, D&A includes also the goodwill amortisation (€ 0.3m). Consequently, Net Profit totalled € 0.2m, broadly in line compared to H1-21.

Net debt rises to € 8.8m as a result of significant R&D investments

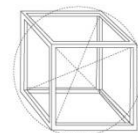
Net debt increased to € 8.8m from € 7.0m at end-21, after Op.CF of € 6.0m offset by intangible capex of € 8.8m, mainly related to capitalised R&D costs aimed at developing a couple of promising vertical applications in the field of Healthcare and Security & Safety.

New modules for different industries to strengthen the competitive positioning

Neosperience's strategy, organically, is focused on the following pillars: 1) strengthening its competitive positioning in Italy in order to become the reference partner for companies eager to increase the value of their brands, thanks to its unique AI-based services offer. The main effort will be on the indirect channel, namely web agencies and consultancy firms, to promote the group's solutions; 2) enrich the highly scalable Neosperience Cloud platform with new modules and features, which can both further meet the main needs of existing customers, and develop brand-new applications for other industries and sectors.

Neosperience, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Revenues	16.4	18.2	25.5	31.7	37.4
Value of Production	19.6	20.7	28.2	34.4	40.0
EBITDA	4.8	5.9	8.2	10.1	12.0
EBIT	0.8	1.5	2.1	4.3	6.2
Net Profit	0.3	0.6	1.0	2.5	3.8
NFP (cash)/debt	5.4	7.0	10.3	5.9	0.2
EBITDA margin	24.7%	28.7%	29.0%	29.5%	30.0%
EBIT margin	4.2%	7.1%	7.5%	12.4%	15.6%
EPS stated FD €	0.03	0.07	0.07	0.13	0.20
EPS growth	-72.3%	119.4%	-0.7%	88.3%	53.5%
ROCE	2.7%	3.7%	5.1%	9.6%	12.9%
NWC/Sales	21.2%	26.8%	21.4%	21.3%	20.8%
Free Cash Flow Yield	-15.0%	-27.8%	-12.6%	16.6%	21.6%
PER x	153.1	74.3	27.5	10.7	7.0
EV/Sales x	2.31	2.48	1.30	0.94	0.66
EV/EBITDA x	9.4	8.6	4.5	3.2	2.2
EV/EBIT x	55.6	34.7	17.3	7.6	4.3

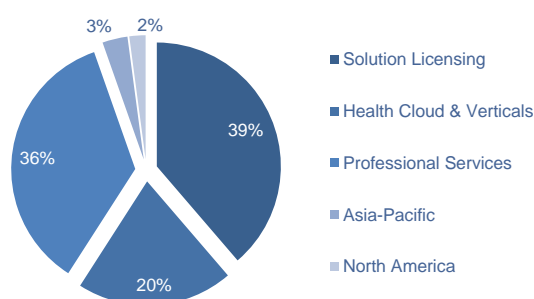


The Company at a Glance

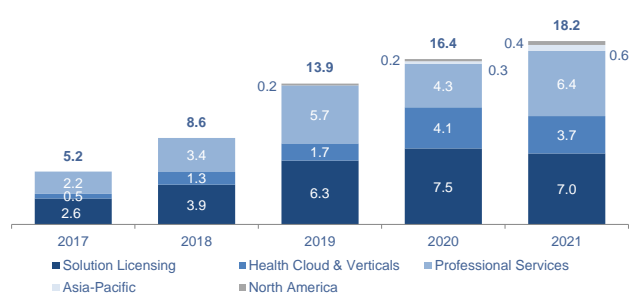
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app development, the group internally designed Neosperience Cloud, an 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 36.5% sales CAGR₁₇₋₂₁ 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-21 figures show revenues of € 18.2m, value of production of € 20.7m, EBITDA of € 5.9m, 28.7% margin and Net Profit of € 0.6m. Net Financial Position was € 7.0m, corresponding to 1.2x NFP/EBITDA.

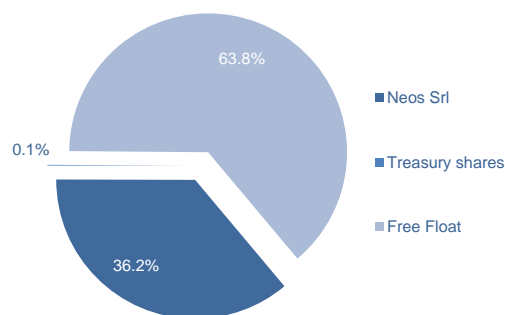
2021 Revenues breakdown by business line



Top line 2017-21 evolution



Shareholder structure



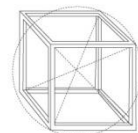
Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
Accenture PLC	0.0	4.7	(4.3)	(0.6)	(19.4)	(33.8)
Adobe Inc	0.8	5.7	(21.7)	(22.3)	(33.1)	(47.6)
Alkemy SpA	(2.7)	10.3	(5.1)	(17.7)	(32.0)	(49.3)
Be SpA	0.0	0.1	0.9	2.4	4.0	24.1
Digital360 SpA	(0.7)	(0.2)	2.2	(3.6)	(3.6)	(14.5)
dotDigital Group	0.8	(0.8)	2.3	21.2	1.4	(56.7)
Gartner Inc	1.7	6.5	1.0	24.0	1.7	(10.3)
Growens SpA	(1.8)	(4.2)	(7.3)	(9.5)	(15.2)	(14.1)
HubSpot Inc	(0.7)	4.5	1.5	(7.3)	(34.4)	(55.0)
Kaleyra Inc	(1.6)	(24.6)	(38.0)	(57.3)	(83.9)	(90.3)
Maps SpA	7.6	13.4	(1.5)	0.0	0.0	(14.0)
Reply SpA	(0.6)	10.2	4.1	(1.0)	(21.2)	(34.0)
Salesforce.Com Inc	0.3	4.0	1.9	(9.6)	(22.2)	(38.5)
TechTarget Inc	1.2	14.1	5.7	1.6	(13.5)	(30.1)
Median	0.0	4.6	1.0	(2.3)	(17.3)	(33.9)
Neosperience SpA	(2.7)	(3.3)	1.4	(20.3)	(39.6)	(48.6)

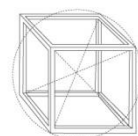
Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	2.48	2.26	13.2	12.0	16.4	14.8	23.8	21.5
Adobe Inc	7.67	6.58	15.6	13.5	16.9	14.5	21.2	18.8
Alkemy SpA	0.89	0.76	7.8	6.4	11.2	8.1	12.3	9.3
Be Shaping the Future SpA	1.74	1.55	10.3	8.8	16.9	13.9	30.8	26.0
Digital360 SpA	1.47	1.07	7.9	5.4	13.6	7.8	25.7	14.5
dotDigital Group PLC	3.27	2.98	10.2	9.8	15.3	14.8	21.8	22.6
Gartner Inc	4.85	4.38	19.9	19.5	24.9	24.6	31.1	31.4
Growens SpA	0.67	0.54	10.4	6.6	46.7	14.5	80.8	26.4
HubSpot Inc	7.87	6.13	66.4	55.5	92.2	67.3	120.3	92.0
Kaleyra Inc	0.55	0.46	7.1	5.5	n.m.	n.m.	n.m.	n.m.
Maps SpA	1.70	1.39	7.3	5.8	11.4	8.7	14.3	10.5
Reply SpA	2.31	2.02	13.7	12.2	16.6	14.7	25.2	22.6
Salesforce Inc	4.78	3.97	14.9	12.6	23.4	18.2	32.0	26.1
TechTarget Inc	6.28	5.41	16.0	13.0	20.4	16.7	23.7	19.6
Median	2.40	2.14	11.8	10.9	16.9	14.7	25.2	22.6
Neosperience SpA	1.30	0.94	4.5	3.2	17.3	7.6	27.5	10.7

Sources: CFO Sim, Thomson Reuters Eikon



Income statement (€ m)	2020	2021	2022e	2023e	2024e
Revenues	16.4	18.2	25.5	31.7	37.4
Value of Production	19.6	20.7	28.2	34.4	40.0
Raw material and processing	(0.5)	(0.6)	(0.7)	(0.7)	(0.8)
Services	(7.1)	(6.9)	(9.9)	(11.7)	(13.6)
Personnel expenses	(5.7)	(7.0)	(8.6)	(11.0)	(12.6)
Other opex	(1.4)	(0.3)	(0.8)	(0.9)	(1.0)
EBITDA	4.8	5.9	8.2	10.1	12.0
D&A	(4.0)	(4.5)	(6.1)	(5.9)	(5.8)
EBIT	0.8	1.5	2.1	4.3	6.2
Financials	(0.1)	(0.4)	(0.4)	(0.3)	(0.3)
Re/(Devaluation) of financial assets	0.2	0.0	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	0.9	1.1	1.7	4.0	5.9
Income taxes	(0.5)	(0.3)	(0.5)	(1.2)	(1.8)
Minorities	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Net Profit	0.3	0.6	1.0	2.5	3.8
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	4.1	5.6	6.0	7.3	8.3
Net Fixed Assets	18.0	24.3	28.2	25.4	22.6
Equity Investments	1.0	1.3	1.3	1.3	1.3
Other M/L Term A/L	(1.0)	(0.9)	(1.1)	(1.4)	(1.6)
Net Invested Capital	22.1	30.3	34.5	32.6	30.7
Net Financial Debt	5.4	7.0	10.3	5.9	0.2
Minorities	0.7	0.6	0.9	1.2	1.6
Group's Shareholders Equity	16.0	22.6	23.3	25.5	28.9
Financial Liabilities & Equity	22.1	30.3	34.5	32.6	30.7
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	0.3	0.6	1.0	2.5	3.8
Depreciation	4.0	4.5	6.1	5.9	5.8
Other non-cash charges	2.0	0.4	0.2	0.3	0.2
Cash Flow from Oper. (CFO)	6.2	5.4	7.2	8.6	9.7
Change in NWC	(2.3)	(1.4)	(0.5)	(1.3)	(1.0)
FCF from Operations (FCFO)	3.9	4.0	6.7	7.4	8.7
Net Investments (CFI)	(7.9)	(11.3)	(10.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(3.9)	(7.3)	(3.3)	4.4	5.7
CF from financials (CFF)	8.9	9.3	0.0	0.0	(0.0)
Free Cash Flow to Equity (FCFE)	4.9	2.0	(3.3)	4.4	5.7
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	24.7%	28.7%	29.0%	29.5%	30.0%
EBIT margin	4.2%	7.1%	7.5%	12.4%	15.6%
Net profit margin	1.3%	2.9%	3.4%	7.1%	9.4%
Tax rate	55.7%	29.2%	30.0%	30.0%	30.0%
Op NWC/Sales	21.2%	26.8%	21.4%	21.3%	20.8%
Interest coverage x	7.78	3.90	5.45	13.70	19.98
Net Debt/EBITDA x	1.12	1.17	1.26	0.58	0.02
Debt-to-Equity x	0.34	0.31	0.44	0.23	0.01
ROIC	1.2%	2.0%	2.8%	7.5%	12.3%
ROCE	2.7%	3.7%	5.1%	9.6%	12.9%
ROACE	3.4%	4.2%	5.2%	10.0%	13.4%
ROE	1.6%	2.6%	4.1%	9.6%	13.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2020	2021	2022e	2023e	2024e
Number of shares # m	7.51	8.72	17.99	17.99	17.99
Number of shares Fully Diluted # m	8.45	9.00	19.18	19.18	19.18
Average Number of shares Fully Diluted # m	8.33	8.72	19.18	19.18	19.18
EPS stated FD €	0.03	0.07	0.05	0.13	0.20
EPS adjusted FD €	0.03	0.07	0.05	0.13	0.20
EBITDA €	0.58	0.68	0.43	0.53	0.62
EBIT €	0.10	0.17	0.11	0.22	0.32
BV €	1.98	2.59	1.26	1.39	1.59
FCFO €	0.47	0.46	0.35	0.38	0.45
FCFF €	(0.47)	(0.84)	(0.17)	0.23	0.30
FCFE €	0.59	0.23	(0.17)	0.23	0.30
Dividend €	0.00	0.00	0.00	0.00	0.00



H1-22 Results

Neosperience reported 2022 interim results characterised by strong revenue growth sustained by increasing number of customers coupled with the consolidation of Rhei (acquired in H2-21). EBITDA grew proportionately to top line while bottom line remained almost flat YoY on the back of the huge increase in D&A stemming from the significant investments made in order to develop the Neosperience Cloud platform and the new innovative solutions in the field of Healthcare and Security & Safety.

Table 1 – Neosperience, H1-22 results summary

€ m	H1-22	H1-21	% YoY
Revenues	11.7	8.8	33.6
Increase in finished products	1.8	1.0	
Other revenues	0.1	0.6	
Value of Production	13.7	10.3	32.4
Raw materials, Processing and Services	(4.8)	(3.6)	
Personnel expenses	(4.4)	(3.5)	
Other opex	(0.4)	(0.2)	
EBITDA	4.1	3.1	31.9
% margin	30.1	30.2	
D&A	(2.9)	(1.9)	
EBIT	1.2	1.2	3.5
% margin	9.1	11.6	
Financials	(0.2)	(0.2)	
Pre-Tax profit	1.1	1.0	1.6
% margin	7.7	10.1	
Income taxes	(0.5)	(0.4)	
Tax rate	49.9%	38.3%	
Minorities	(0.4)	(0.4)	
Net Profit	0.2	0.2	(26.1)
% margin	1.3	2.3	
Net Financial Position *	8.8	7.0	26.0
Net Equity *	25.7	23.3	10.2

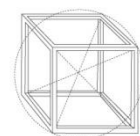
Source: Company data, CFO SIM analysis *compared to FY-21

Revenues were € 11.7m, up by 33.6% YoY, thanks to increasing number of customers (over 800 as of today, compared to about 200 in 2019), the offer expansion and the consolidation of Rhei, acquired in the second half of 2021.

EBITDA was € 4.1m, 30.1% margin on VoP, up by 32.4% YoY, broadly in line with top line growth, thanks to the increasing sales of scalable solutions.

EBIT was flat YoY at € 1.2m, 9.1% margin on VoP, because of increasing D&A stemming from the huge investments aimed at developing the Neosperience Cloud platform as well as new solutions. Furthermore, D&A includes also the goodwill amortisation (€ 0.3m). Consequently, **Net Profit totalled € 0.2m**, broadly in line compared to H1-21.

Net Financial Position increased to € 8.8m debt from € 7.0m at year-end 2021, mainly as a consequence of operating cash flow of € 6.0m offset by intangible capex of € 8.8m, mainly related to capitalised R&D costs aimed at developing a couple of promising vertical applications of the Neosperience Cloud platform in the field of Healthcare and Security & Safety.



Estimates, Valuation & Risks

Neosperience reported a good set of interim results, characterised by growing revenues and margins, driven by a good organic performance coupled with the consolidation of Rhei, acquired in H2-21. **Neosperience expects a good second part of the year** in terms of both new customer acquisition as well as cross-selling activities among existing customers. The most promising sectors are travel, healthcare, pharmaceutical, energy & utilities and financial services. Furthermore, the group is always looking for new M&A opportunities.

H1-22 revenues and EBITDA represent 46% and 50% of CFO SIM's estimates for FY-22, respectively, broadly in line with the historical seasonality of the group. On the contrary, intangible capex of € 8.8m aimed at developing a couple of verticals of the Neosperience Cloud platform in the field of Healthcare and Security & Safety, were significantly higher compared to our estimate of € 2.0m for the whole year. Thus, on the back of H1-22 results release, **we have updated our model** by leaving unchanged top line and EBITDA assumptions but incorporating higher-than-expected intangible capex. **The combined results is an average 25.1% cut in Net Profit in 2022-24 coupled with a sharp increase in NFP projections.**

Table 2 – Neosperience, 2022e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	28.2	28.2	0.0	0.0
EBITDA	8.2	8.2	0.0	0.0
% margin	29.0	29.0		
EBIT	2.1	3.2	(32.9)	(1.0)
% margin	7.5	11.2		
Net Profit	1.0	1.7	(43.2)	(0.7)
% margin	3.4	6.0		
Y/E net debt/(cash)	10.3	4.4	n.m.	5.9

Source: CFO SIM

Table 3 – Neosperience, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	34.4	34.4	0.0	0.0
EBITDA	10.1	10.1	0.0	0.0
% margin	29.5	29.5		
EBIT	4.3	5.1	(17.0)	(0.9)
% margin	12.4	15.0		
Net Profit	2.5	3.1	(20.0)	(0.6)
% margin	7.1	8.9		
Y/E net debt/(cash)	5.9	0.1	n.m.	5.9

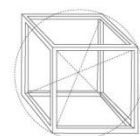
Source: CFO SIM

Table 4 – Neosperience, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	40.0	40.0	0.0	0.0
EBITDA	12.0	12.0	0.0	0
% margin	30.0	30.0		
EBIT	6.2	7.0	(10.6)	(0.7)
% margin	15.6	17.4		
Net Profit	3.8	4.3	(12.0)	(0.5)
% margin	9.4	10.7		
Y/E net debt/(cash)	0.2	(5.7)	n.m.	5.9

Source: CFO SIM

CFO SIM has updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date, which is now at 2.46% (200d moving average) compared to 1.05% of the last valuation update. Consequently, we set a **new DCF-based PT for NSP at € 4.00/s** (€ 5.35), **175.9% upside** to current price levels. We reiterate our **Buy** recommendation on the stock.



DCF

In our DCF-based valuation, we assess explicit estimates until 2026 and assume a long-term growth rate of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 5 – WACC derived from:

Interest costs, pre-tax	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.)	2.46%
Beta levered (x)	1.00
Required ROE	11.5%

Sources: CFO SIM, Thomson Reuters 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 6 – Neosperience, DCF model

€ m	2022e	2023e	2024e	2025e	2026e	Term. Val.
EBIT	2.1	4.3	6.2	7.6	9.1	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	1.5	3.0	4.4	5.3	6.4	
Change working capital	(0.5)	(1.3)	(1.0)	(0.5)	(0.1)	
Depreciation	6.1	5.9	5.8	3.9	2.0	
Investments	(10.0)	(3.0)	(3.0)	(2.5)	(2.0)	
Free Cash Flows	(2.9)	4.6	6.1	6.2	6.3	100.3
Present value	(2.9)	4.2	5.1	4.7	4.5	71.2
WACC	8.4%	8.4%	8.4%	8.4%	8.4%	
Long-term growth rate	2.0%					

Source: CFO SIM

Table 7 – Neosperience, DCF derived from:

€ m	
Total EV present value € m	86.7
thereof terminal value	82.0%
NFP last reported	(7.0)
Pension provision	(1.3)
Minorities (valued at 2.8x P/BV)	(1.7)
Equity value € m	76.7
#m shares (excl. treasury shares)	19.17
Equity value €/s	4.00
% upside/(downside)	175.9%

Source: CFO SIM

The outcome of our DCF model generated an equity value of € 76.7m for Neosperience, € 4.00/s (€ 5.35).

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 3.59-4.52/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 **€ 3.64-4.43/s (free risk range between 1.71% and 3.21%)** and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 3.33-4.94/s (risk premium range between 10.5% and 7.50%)**.

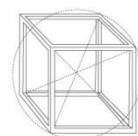


Table 8 – Neosperience, equity value sensitivity to changes in terminal growth rate

€ m	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
Present value of CF	15.6	15.6	15.6	15.6	15.6	15.6	15.6
PV of terminal value	63.3	65.7	68.3	71.2	74.2	77.5	81.1
Total value	78.9	81.3	83.9	86.7	89.8	93.1	96.7
NFP last reported	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Pension provision	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Minorities (valued at 2.8x P/BV)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	68.9	71.3	73.9	76.7	79.8	83.1	86.7
Equity value/share €	3.59	3.72	3.86	4.00	4.16	4.34	4.52

Source: CFO SIM

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

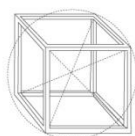
€ m	1.71%	1.96%	2.21%	2.46%	2.71%	2.96%	3.21%
Present value of CF	15.8	15.8	15.7	15.6	15.5	15.4	15.4
PV of terminal value	79.1	76.3	73.6	71.2	68.8	66.6	64.5
Total value	94.9	92.0	89.3	86.7	84.3	82.0	79.8
NFP last reported	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Pension provision	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Minorities (valued at 2.8x P/BV)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	84.9	82.0	79.3	76.7	74.3	72.0	69.8
Equity value/share €	4.43	4.28	4.14	4.00	3.88	3.76	3.64

Source: CFO SIM

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

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	16.1	15.9	15.8	15.6	15.4	15.3	15.1
PV of terminal value	88.6	82.1	76.3	71.2	66.6	62.5	58.7
Total value	104.7	98.0	92.0	86.7	82.0	77.7	73.9
NFP last reported	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Pension provision	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Minorities (valued at 2.8x P/BV)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Equity value	94.7	88.0	82.0	76.7	72.0	67.7	63.8
Equity value/share €	4.94	4.59	4.28	4.00	3.76	3.53	3.33

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.

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

Digital360 SpA is a leading Italian B2B player in the digital innovation arena, offering support to 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.

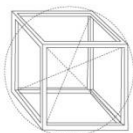
dotDigital Group PLC provides software, service technology and tools for digital marketing. Furthermore, it offers Software as a Service (SaaS) technologies, email marketing consultancy and managed services for businesses.

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 that 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 11 – Neosperience, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	% EBITDA margin	% Sales CAGR ₂₁₋₂₄	% EBITDA CAGR ₂₁₋₂₄	% EBIT CAGR ₂₁₋₂₄	% EPS CAGR ₂₂₋₂₄ /EBITDA	NFP
Accenture PLC	UK	175,605	66,939	12,547	18.7%	8.4%	9.3%	9.6%	9.8%	n.m.
Adobe Inc	USA	139,903	17,925	8,803	49.1%	18.2%	21.9%	23.9%	13.4%	n.m.
Alkemy SpA	IT	66	104	12	11.4%	9.7%	-4.4%	-5.9%	28.1%	2.2
Be Shaping the Future SpA	IT	467	255	43	16.8%	5.8%	18.4%	19.0%	14.8%	n.m.
Digital360 SpA	IT	87	56	11	18.7%	37.5%	37.5%	53.0%	46.5%	n.m.
dotDigital Group PLC	UK	297	75	24	32.1%	8.8%	5.2%	2.9%	2.4%	n.m.
Gartner Inc	USA	23,994	5,371	1,310	24.4%	15.8%	13.5%	13.9%	6.0%	1.6
Growens SpA	IT	67	95	6	6.4%	21.4%	30.7%	73.0%	120.9%	n.m.
HubSpot Inc	USA	14,418	1,722	204	11.9%	32.5%	n.m.	n.m.	40.1%	n.m.
Kaleyra Inc	USA	44	344	27	7.7%	23.9%	n.m.	n.m.	n.m.	5.5
Maps SpA	IT	40	29	7	23.1%	18.4%	26.9%	45.5%	30.2%	1.3
Reply SpA	IT	4,460	1,814	305	16.8%	14.3%	11.9%	13.2%	11.0%	n.m.
Salesforce.Com Inc	USA	158,095	31,841	10,215	32.1%	21.5%	57.2%	163.6%	23.4%	n.m.
TechTarget Inc	USA	1,997	322	126	39.3%	19.4%	52.2%	70.7%	20.9%	0.2
Median		1,232	333	85	18.7%	18.3%	20.2%	21.4%	20.9%	1.6
Neosperience SpA	IT	26	28	8	29.0%	24.6%	26.3%	61.5%	98.4%	1.3

Sources: CFO SIM, Thomson Reuters Eikon

Table 12 – Neosperience, peer group EV multiple table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	2.48	2.26	2.05	13.2	12.0	10.7
Adobe Inc	7.67	6.58	5.55	15.6	13.5	11.8
Alkemy SpA	0.89	0.76	0.65	7.8	6.4	5.2
Be Shaping the Future SpA	1.74	1.55	1.40	10.3	8.8	7.5
Digital360 SpA	1.47	1.07	0.93	7.9	5.4	4.5
dotDigital Group PLC	3.27	2.98	2.62	10.2	9.8	8.6
Gartner Inc	4.85	4.38	3.98	19.9	19.5	17.7
Growens SpA	0.67	0.54	0.44	10.4	6.6	4.8
HubSpot Inc	7.87	6.13	4.77	66.4	55.5	36.0
Kaleyra Inc	0.55	0.46	0.37	7.1	5.5	4.0
Maps SpA	1.70	1.39	0.89	7.3	5.8	3.6
Reply SpA	2.31	2.02	1.74	13.7	12.2	10.7
Salesforce.Com Inc	4.78	3.97	3.20	14.9	12.6	10.0
TechTarget Inc	6.28	5.41	4.50	16.0	13.0	10.4
Median	2.40	2.14	1.89	11.8	10.9	9.3
Neosperience SpA	1.30	0.94	0.66	4.5	3.2	2.2
% premium/(discount) to median	(45.7)	(56.2)	(64.9)	(62.0)	(70.9)	(76.3)

Sources: CFO SIM, Thomson Reuters Eikon

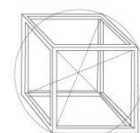


Table 13 – Neosperience, peer group EV & price multiple table

EV & Price multiples x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	16.4	14.8	13.0	23.8	21.5	19.7
Adobe Inc	16.9	14.5	12.7	21.2	18.8	16.5
Alkemy SpA	11.2	8.1	6.3	12.3	9.3	7.5
Be Shaping the Future SpA	16.9	13.9	11.2	30.8	26.0	23.4
Digital360 SpA	13.6	7.8	6.3	25.7	14.5	12.0
dotDigital Group PLC	15.3	14.8	13.4	21.8	22.6	20.8
Gartner Inc	24.9	24.6	21.5	31.1	31.4	27.7
Growens SpA	46.7	14.5	8.4	80.8	26.4	16.6
HubSpot Inc	92.2	67.3	45.6	120.3	92.0	61.2
Kaleyra Inc	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Maps SpA	11.4	8.7	5.2	14.3	10.5	8.4
Reply SpA	16.6	14.7	12.7	25.2	22.6	20.5
Salesforce.Com Inc	23.4	18.2	13.8	32.0	26.1	21.0
TechTarget Inc	20.4	16.7	11.8	23.7	19.6	16.2
Median	16.9	14.7	12.7	25.2	22.6	19.7
Neosperience SpA	17.3	7.6	4.3	27.5	10.7	7.0
% premium/(discount) to median	2.3	(48.6)	(66.3)	9.2	(52.4)	(64.5)

Sources: CFO SIM, Thomson Reuters Eikon

We applied a **25.0% discount** to the peer multiple median in order to factor in the smaller size of Neosperience and the lower liquidity of the NSP stock, as it is listed 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 € 3.10/s**, using 2022 estimates and multiples.

Table 14 – 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)	2.40	2.14	1.89	11.8	10.9	9.3
Neosperience metric	28.2	34.4	40.0	8.2	10.1	12.0
NFP	(10.3)	(5.9)	(0.2)	(10.3)	(5.9)	(0.2)
Minorities (valued at 2.8x P/BV)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Neosperience Equity Value	38.6	47.6	54.9	60.3	75.5	81.9
Neosperience Equity Value/share €	2.01	2.48	2.86	3.10	3.94	4.28
% upside/(downside)	38.9	71.2	97.5	113.8	171.6	194.9

Sources: CFO SIM, Thomson Reuters Eikon

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

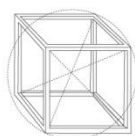
Neosperience Equity Value € m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	16.9	14.7	12.7	25.2	22.6	19.7
Neosperience metric	2.1	4.3	6.2	1.0	2.5	3.8
NFP	(10.3)	(5.9)	(0.2)			
Minorities (valued at 2.8x P/BV)	(1.7)	(1.7)	(1.7)			
Neosperience Equity Value	14.9	39.4	57.3	18.1	41.6	55.7
Neosperience Equity Value/share €	0.77	2.06	2.99	0.94	2.17	2.90
% upside/(downside)	(46.6)	41.8	106.0	(34.9)	49.5	100.3

Sources: CFO SIM, Thomson Reuters Eikon

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

€/s	FY1	FY2	FY3
EV/EBITDA	3.10	3.94	4.28
Weighting	100.0%	0.0%	0.0%
Equity Value	3.10		
% upside/(downside)	113.8%		

Sources: CFO SIM, Thomson Reuters Eikon



Peer Stock Performance

Neosperience was listed on Euronext Growth Milan on **20th February 2019** at **€ 3.42/share**, corresponding to a post-money **market capitalisation of € 22.1m**. The stock reached a 1Y intraday maximum price of € 3.24/s on 20-Oct-21 and a minimum price of € 1.39/s on 29-Sep-22.

Table 17 – Neosperience, peer group and indexes absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	0.0	4.7	(4.3)	(0.6)	(19.4)	(33.8)	(15.6)
Adobe Inc	0.8	5.7	(21.7)	(22.3)	(33.1)	(47.6)	(47.5)
Alkemy SpA	(2.7)	10.3	(5.1)	(17.7)	(32.0)	(49.3)	(37.6)
Be Shaping the Future SpA	-	0.1	0.9	2.4	4.0	24.1	56.4
Digital360 SpA	(0.7)	(0.2)	2.2	(3.6)	(3.6)	(14.5)	(15.2)
dotDigital Group PLC	0.8	(0.8)	2.3	21.2	1.4	(56.7)	(65.3)
Gartner Inc	1.7	6.5	1.0	24.0	1.7	(10.3)	(3.8)
Growens SpA	(1.8)	(4.2)	(7.3)	(9.5)	(15.2)	(14.1)	(2.0)
HubSpot Inc	(0.7)	4.5	1.5	(7.3)	(34.4)	(55.0)	(54.3)
Kaleyra Inc	(1.6)	(24.6)	(38.0)	(57.3)	(83.9)	(90.3)	(91.0)
Maps SpA	7.6	13.4	(1.5)	-	-	(14.0)	(18.4)
Reply SpA	(0.6)	10.2	4.1	(1.0)	(21.2)	(34.0)	(25.6)
Salesforce.Com Inc	0.3	4.0	1.9	(9.6)	(22.2)	(38.5)	(42.5)
TechTarget Inc	1.2	14.1	5.7	1.6	(13.5)	(30.1)	(18.7)
Median	0.0	4.6	1.0	(2.3)	(17.3)	(33.9)	(22.1)
Neosperience SpA	(2.7)	(3.3)	1.4	(20.3)	(39.6)	(48.6)	(54.1)
MSCI World Index	(0.5)	2.5	(4.4)	(2.4)	(17.0)	(22.6)	(17.1)
EUROSTOXX	(1.2)	3.1	(2.6)	(0.3)	(11.6)	(21.1)	(17.0)
FTSE Italia All Share	(1.5)	2.5	(0.9)	1.3	(13.0)	(22.5)	(18.4)
FTSE Italia STAR	(1.5)	3.4	(2.9)	(8.1)	(20.1)	(33.9)	(28.2)
FTSE Italia Growth	(0.2)	1.6	(2.2)	(1.1)	(13.7)	(22.0)	(17.9)

Source: Thomson Reuters Eikon

Table 18 – Neosperience, relative performances

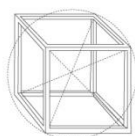
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	(2.2)	(5.8)	5.8	(17.9)	(22.6)	(25.9)	(37.0)
to EUROSTOXX	(1.5)	(6.4)	4.0	(20.0)	(28.0)	(27.4)	(37.1)
to FTSE Italia All Share	(1.2)	(5.8)	2.3	(21.6)	(26.6)	(26.1)	(35.7)
to FTSE Italia STAR	(1.2)	(6.8)	4.3	(12.2)	(19.5)	(14.7)	(25.9)
to FTSE Italia Growth	(2.5)	(4.9)	3.6	(19.2)	(25.8)	(26.6)	(36.2)
to Peer Median	(2.7)	(7.9)	0.4	(18.0)	(22.3)	(14.7)	(32.0)

Source: Thomson Reuters 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.



ANALYST CERTIFICATION

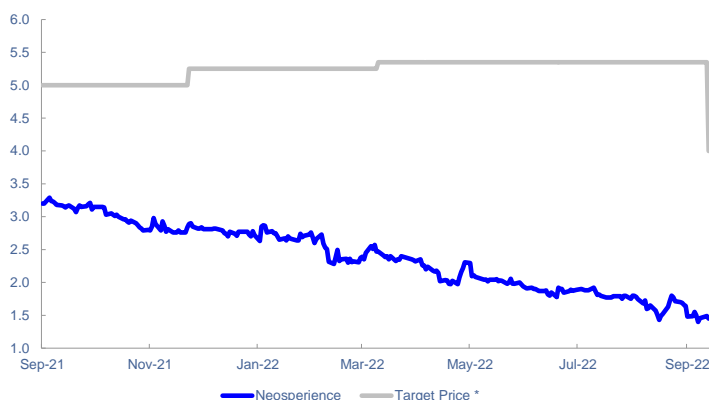
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DATE	TARGET PRICE	RATING
06/10/2022	€4.00	BUY
14/06/2022	€5.35	BUY
26/05/2022	€5.35*	BUY
01/04/2022	€5.35*	BUY
15/12/2021	€5.25*	BUY

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

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RATING SYSTEM

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

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

