

Italy – Digital Innovation

Interim results corroborate FY-23 guidance

11th October 2023

H1-23 RESULTS RELEASE

RIC: NSP.MI
BBG: NSP IM

Neosperience reported interim results characterised by rising sales and a more than proportional progression of the bottom line. The group is well on track to reach the revenue and EBITDA targets set in the Business Plan. Neosperience has been investing a considerable amount of resources to enrich its offer and be well-positioned to seize business opportunities arising from the increasingly widespread adoption of AI-powered solutions.

Rating:

Buy

Price Target:

€ 2.80 (€ 3.00)

Upside/(Downside): 67.7%

Last Price: € 1.67

Market Cap.: € 34.6m

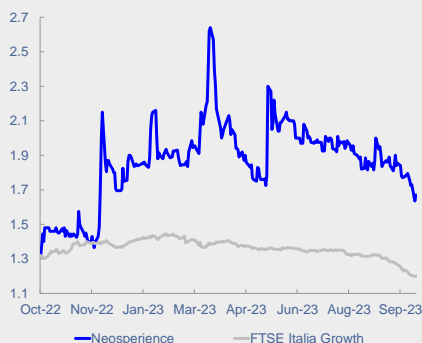
1Y High/Low: € 2.73 / € 1.33

Avg. Daily Turn. (3M, 6M): € 57k, € 123k

Free Float: 50.9%

Major shareholder:

Neos Srl	31.7%
Management	17.3%
Chelverton EU Select Fund (free float)	4.3%



Stock price performance

	1M	3M	12M
Absolute	-10.2%	-13.2%	26.5%
Rel.to FTSE IT Growth	-2.5%	-2.3%	35.5%
Rel.to Peers	-7.2%	-5.2%	4.6%

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Estimates fine-tuned: new DCF-based PT of € 2.80/s (€ 3.00), 67.7% upside. Still a Buy

Neosperience reported a good set of interim results for 2023 and is well-positioned to hit both the Revenue (€ 24.1m) and EBITDA (€ 7.8m) targets set in the 2023-25 Business Plan. Moreover, the company continued to streamline its corporate structure, following 1) the merger of its fully-owned subsidiary WorkUp Srl, and 2) the acquisition of the remaining 49% stake in Rhei. Following the release of H1-23 financial results, we have updated our model by 1) leaving our top line and EBITDA assumptions basically unchanged, 2) fine-tuning financial charges and 3) adjusting D&A expenses and capex upward, on the back of higher-than-expected intangible capex (€ 6.5m in H1-23 compared to our FY-23 estimate of € 2.0m). The combined result is an average decrease of 2.1% and 0.8% in EBIT and Net Profit, respectively, coupled with an increase in the Net Financial Position, in 2023-25. As a result of the revised estimates and updated valuation criteria, our new DCF-based PT points to € 2.80/s (€ 3.00), 67.7% upside. Buy recommendation reiterated.

Revenues grew by 4.2% YoY, fairly in line with FY-23 target

Revenues increased by 4.2% YoY to € 12.2m (€ 11.7m in H1-22), thanks to a steady rise in sales of scalable AI-powered solutions. It should be noted that top line growth was entirely organic and fairly in line with the FY-23 target of € 24.1m outlined in the Business Plan presented in May. Value of Production reached € 14.6m, up 6.8% YoY, thanks to an increase in internal work of € 2.3m, compared to € 1.8m in H1-22. The figure refers to the capitalisation of costs for the development of promising platforms, including “Neosperience Enterprise Cloud”, “Neosperience Health Cloud”, and “Empathic Digital Commerce”.

EBITDA broadly unchanged YoY. Net Profit increased sharply to € 0.8m

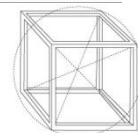
EBITDA totalled € 4.0m, 33.1% margin, essentially unchanged YoY. EBIT rose by 23.9% YoY to € 1.5m, 12.6% margin, mainly as a result of lower D&A expenses, which also include € 256k stemming from goodwill amortisation. Both EBITDA and EBIT are well on track to reach the Business Plan targets of € 7.8m and € 2.1m, respectively. Net Profit was € 0.8m, 6.7% margin, (€ 0.2m, 1.5% margin in H1-22), on the back of substantially stable interest expenses and a lower tax rate than in H1-22.

NFP was € 13.1m due to huge investments to enrich Neosperience Cloud

Net Financial Position was € 13.1m debt from € 11.6m at year end 2022, resulting from an Operating Cash Flow of € 3.8m, offset by intangible capex of approximately € 6.5m mainly related to the capitalisation of R&D costs aimed at developing new cutting-edge verticals to enrich Neosperience Cloud.

Neosperience, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Revenues	18.2	21.0	24.0	29.1	36.7
Value of Production	20.7	25.2	27.9	32.0	39.6
EBITDA	5.9	6.4	7.5	9.2	12.1
EBIT	1.5	1.5	2.0	3.6	6.3
Net Profit	0.6	0.7	0.9	2.0	3.9
NFP (cash)/debt	7.0	11.6	13.8	10.6	6.2
EBITDA margin	32.7%	30.6%	31.2%	31.7%	32.9%
EBIT margin	8.1%	7.2%	8.3%	12.2%	17.3%
EPS stated FD €	0.07	0.04	0.04	0.10	0.19
EPS growth	119.5%	-48.3%	23.0%	118.8%	95.7%
ROCE	3.7%	3.0%	3.9%	6.6%	10.8%
NWC/Sales	26.3%	27.5%	26.3%	25.3%	24.8%
Free Cash Flow Yield	-16.4%	-17.6%	-6.4%	9.3%	12.6%
PER x	74.3	53.4	39.8	17.5	8.9
EV/Sales x	2.83	2.28	2.01	1.55	1.11
EV/EBITDA x	8.6	7.4	6.5	4.9	3.4
EV/EBIT x	34.7	31.8	24.3	12.7	6.4

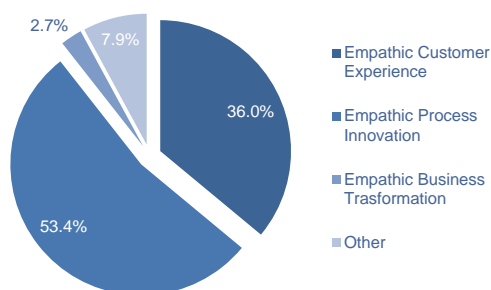


The Company at a Glance

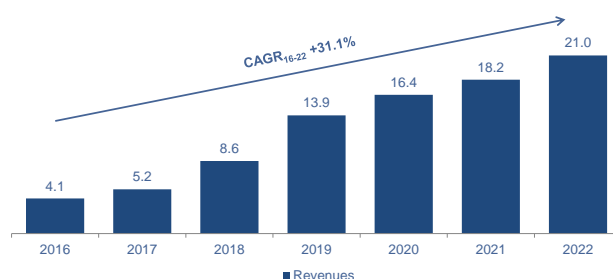
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app development, the group internally designed Neosperience Cloud, an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

The company reported a 31.1% sales CAGR₁₆₋₂₂ mainly driven by the increase in sales of solutions based on its proprietary Neosperience Cloud platform as well as by the strategic acquisition of a few small companies operating in the digital customer experience arena. FY-22 figures show revenues of € 21.0m, EBITDA of € 6.4m, 30.6% margin and Net Profit of € 0.7m. Net Financial Position was € 11.6m, corresponding to 1.8x NFP/EBITDA.

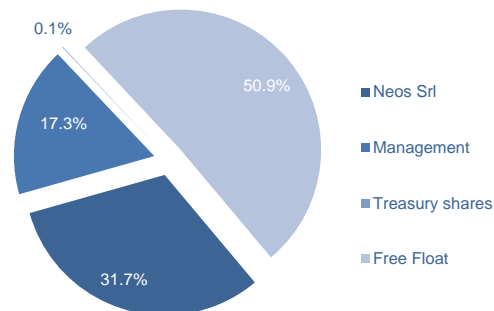
2022 Revenues breakdown by business line



Top line 2016-22 evolution



Shareholder structure



Peer group absolute performance

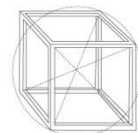
%	1D	1W	1M	3M	6M	YTD
Accenture PLC	0.1	2.0	(0.8)	0.8	9.1	17.0
Adobe Inc	0.6	5.1	(1.8)	5.5	43.5	58.3
Alkemy SpA	1.2	(7.1)	(14.7)	(31.6)	(39.6)	(30.9)
Digital360 SpA	0.0	0.0	0.0	2.3	14.6	23.3
dotDigital Group PLC	(0.4)	(4.4)	(12.6)	(9.7)	(21.1)	(13.4)
Gartner Inc	0.5	4.1	1.6	0.4	12.5	5.9
Growens SpA	0.3	2.2	(1.2)	10.8	1.2	53.4
HubSpot Inc	(4.1)	0.4	(11.7)	(13.4)	14.4	61.8
Maps SpA	(1.5)	(2.6)	(16.0)	(23.0)	(22.5)	(27.9)
Reply SpA	2.4	2.9	3.6	(12.8)	(19.8)	(15.7)
Salesforce Inc	(0.2)	3.5	(6.7)	(6.5)	9.5	56.0
TechTarget Inc	(2.6)	(2.2)	(4.4)	(10.3)	(20.6)	(34.6)
Median	0.0	1.2	(3.1)	(8.1)	5.2	11.4
Neosperience SpA	2.1	(5.9)	(10.2)	(13.2)	(21.6)	(4.6)

Sources: CFO Sim, Refinitiv Eikon

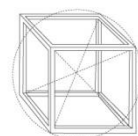
Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	2.93	2.73	15.6	14.2	19.3	17.5	26.6	24.5
Adobe Inc	12.27	10.74	24.7	22.0	27.1	23.7	33.2	29.6
Alkemy SpA	0.63	0.54	5.9	4.6	9.4	6.5	9.1	6.2
Digital360 SpA	1.42	1.15	7.5	5.8	12.5	8.8	27.3	19.2
dotDigital Group PLC	2.52	n.a.	7.7	n.a.	11.8	n.a.	17.1	16.4
Gartner Inc	4.98	4.55	21.1	19.4	25.5	23.5	33.5	31.4
Growens SpA	1.20	0.89	84.7	41.2	n.m.	n.m.	n.m.	n.m.
HubSpot Inc	10.68	8.56	62.1	47.4	77.3	56.4	85.4	67.9
Maps SpA	1.58	1.34	9.0	6.0	27.4	11.9	31.7	12.4
Reply SpA	1.46	1.25	9.6	8.1	11.9	9.9	18.3	15.9
Salesforce Inc	5.63	4.79	13.4	11.5	18.7	15.1	25.4	21.7
TechTarget Inc	4.36	4.09	14.7	12.2	15.5	14.4	15.7	14.8
Median	2.73	2.73	14.0	12.2	18.7	14.8	26.6	19.2
Neosperience SpA	2.01	1.55	6.5	4.9	24.3	12.7	39.8	17.5

Sources: CFO Sim, Refinitiv Eikon



Income statement (€ m)	2021	2022	2023e	2024e	2025e
Revenues	18.2	21.0	24.0	29.1	36.7
Value of Production	20.7	25.2	27.9	32.0	39.6
Raw material and processing	(0.2)	(0.4)	(0.4)	(0.4)	(0.5)
Services	(6.7)	(8.4)	(9.4)	(10.8)	(13.6)
Personnel expenses	(7.0)	(8.9)	(9.6)	(10.3)	(11.8)
Other opex	(0.9)	(1.1)	(1.1)	(1.3)	(1.6)
EBITDA	5.9	6.4	7.5	9.2	12.1
D&A	(4.5)	(4.9)	(5.5)	(5.7)	(5.7)
EBIT	1.5	1.5	2.0	3.6	6.3
Financials	(0.4)	(0.4)	(0.5)	(0.4)	(0.4)
Re/(Devaluation) of financial assets	0.0	(0.0)	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.1	1.1	1.5	3.2	5.9
Income taxes	(0.3)	(0.2)	(0.5)	(0.9)	(1.8)
Minorities	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Net Profit	0.6	0.7	0.9	2.0	3.9
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	5.4	6.9	7.3	8.1	9.8
Net Fixed Assets	24.3	37.5	40.5	38.8	37.1
Equity Investments	1.5	1.0	1.0	1.0	1.0
Other M/L Term A/L	(1.0)	(1.4)	(1.4)	(1.5)	(1.7)
Net Invested Capital	30.3	44.1	47.4	46.4	46.1
Net Financial Debt	7.0	11.6	13.8	10.6	6.2
Minorities	0.6	4.1	4.3	4.5	4.8
Group's Shareholders Equity	22.6	28.4	29.3	31.3	35.1
Financial Liabilities & Equity	30.3	44.1	47.4	46.4	46.1
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	0.8	0.9	1.1	2.2	4.2
Depreciation	4.5	4.9	5.5	5.7	5.7
Other non-cash charges	(0.2)	2.1	0.1	0.1	0.2
Cash Flow from Oper. (CFO)	5.1	7.9	6.7	8.0	10.1
Change in NWC	(1.3)	(1.5)	(0.4)	(0.8)	(1.7)
FCF from Operations (FCFO)	3.8	6.4	6.3	7.2	8.4
Net Investments (CFI)	(9.4)	(12.5)	(8.5)	(4.0)	(4.0)
Free CF to the Firm (FCFF)	(5.7)	(6.1)	(2.2)	3.2	4.4
CF from financials (CFF)	7.6	1.2	0.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	2.0	(4.9)	(2.2)	3.2	4.4
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	32.7%	30.6%	31.2%	31.7%	32.9%
EBIT margin	8.1%	7.2%	8.3%	12.2%	17.3%
Net profit margin	3.3%	3.2%	3.6%	6.8%	10.6%
Tax rate	29.1%	21.4%	30.0%	30.0%	30.0%
Op NWC/Sales	26.3%	27.5%	26.3%	25.3%	24.8%
Interest coverage x	3.90	3.97	4.14	8.87	15.84
Net Debt/EBITDA x	1.17	1.80	1.84	1.15	0.52
Debt-to-Equity x	0.31	0.41	0.47	0.34	0.18
ROIC	2.0%	1.5%	1.8%	4.3%	8.4%
ROCE	3.7%	3.0%	3.9%	6.6%	10.8%
ROACE	4.2%	3.3%	3.9%	6.7%	11.3%
ROE	2.6%	2.4%	3.0%	6.3%	11.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	8.72	19.18	20.78	20.78	20.78
Number of shares Fully Diluted # m	9.00	19.18	20.78	20.78	20.78
Average Number of shares Fully Diluted # m	8.72	19.18	19.98	20.78	20.78
EPS stated FD €	0.07	0.04	0.04	0.10	0.19
EPS adjusted FD €	0.07	0.04	0.04	0.10	0.19
EBITDA €	0.68	0.34	0.38	0.44	0.58
EBIT €	0.17	0.08	0.10	0.17	0.31
BV €	2.59	1.69	1.61	1.72	1.92
FCFO €	0.43	0.33	0.31	0.35	0.40
FCFF €	(0.65)	(0.32)	(0.11)	0.15	0.21
FCFE €	0.22	(0.26)	(0.11)	0.15	0.21
Dividend €	0.00	0.00	0.00	0.00	0.00



H1-23 Results

In H1-23, Neosperience reported growing revenues thanks to rising sales of scalable AI solutions. Moreover, the bottom line strongly increased as a result of a lower incidence of D&A expenses as well as a more favourable tax burden, whereas EBITDA was almost unchanged YoY. **The company is well on track to reach both the Revenue (€ 24.1m) and EBITDA (€ 7.8m) targets set in the 2023-25 Business Plan presented in May.**

Table 1 – Neosperience, H1-23 results summary

€ m	H1-23	H1-22	% YoY
Revenues	12.2	11.7	4.2
Increase on internal works (platform evolutions)	2.3	1.8	
Other revenues	0.1	0.1	
Value of Production	14.6	13.7	6.8
Raw materials, Processing and Services	(5.5)	(4.8)	
Personnel expenses	(4.8)	(4.4)	
Other opex	(0.3)	(0.4)	
EBITDA	4.0	4.1	(1.6)
% margin	33.1	35.1	
D&A	(2.5)	(2.9)	
EBIT	1.5	1.2	23.9
% margin	12.6	10.6	
Financials	(0.2)	(0.2)	
Pre-Tax profit	1.4	1.1	28.4
% margin	11.1	9.0	
Income taxes	(0.4)	(0.5)	
Tax rate	32.6%	49.9%	
Minorities	(0.1)	(0.4)	
Net Profit	0.8	0.2	n.m.
% margin	6.7	1.5	
Net Financial Position *	13.1	11.6	12.8

Source: Company data, CFO SIM analysis *compared to FY-22

Revenues increased by 4.2% YoY to € 12.2m (€ 11.7m in H1-22), thanks to a steady rise in sales of scalable AI-powered solutions. It is worth noting that **top line growth was entirely organic** and fairly in line with the FY-23 target of € 24.1m outlined in the Business Plan.

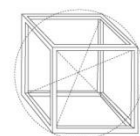
Value of Production reached € 14.6m, up 6.8% YoY, thanks to an increase in internal work of € 2.3m, compared to € 1.8m in H1-22. The figure refers to the capitalisation of costs for the development of promising platforms, including “Neosperience Enterprise Cloud”, “Neosperience Health Cloud”, and “Empathic Digital Commerce”.

EBITDA totalled € 4.0m, 33.1% margin, remaining essentially unchanged YoY. **EBIT rose by 23.9% YoY to € 1.5m, 12.6% margin**, mainly as a result of lower D&A expenses, which also include € 256k stemming from goodwill amortisation.

Both **EBITDA and EBIT** are well on track to reach the Business Plan targets of € 7.8m and € 2.1m, respectively.

Net Profit reached € 0.8m, 6.7% margin, (€ 0.2m, 1.5% margin in H1-22), on the back of broadly stable interest expenses and a lower tax rate compared to the first semester 2022.

Net Financial Position was € 13.1m debt from € 11.6m at year-end 2022, resulting from an Operating Cash Flow of € 3.8m, offset by intangible capex of approximately € 6.5m mainly related to the capitalisation of R&D costs aimed at developing new cutting-edge verticals to enrich the Neosperience Cloud platform.



Outlook, Estimates & Valuation

Neosperience reported interim results characterised by rising sales and a more than proportional progression of the bottom line. The group is well on track to reach the revenue and EBITDA targets set in the Business Plan, namely € 24.1m and € 7.8m, respectively.

In H2-23, the company empowered Neosperience Cloud with new generative AI algorithms along with Large Language Models, GTP-4 in particular, in order to provide its users with real-time customised contents and more powerful data analytics tools. The aim is to further improve the overall customer engagement and operational efficiency. In particular, **Neosperience has been placing major efforts in promising verticals, namely HealthTech, LegalTech, and TourismTech.**

Moreover, the company has been continuing to streamline its corporate structure, following 1) the merger of its fully-owned subsidiary WorkUp Srl, and 2) **the acquisition of the remaining 49% stake in Rhei.** In particular, the latter was finalised via a reserved share capital increase with the issue of 1.6m Neosperience shares at € 1.93 per share, for an overall amount of € 3.1m.

Following the release of H1-23 financial results, **we have updated our model** by 1) leaving our top line and EBITDA assumptions basically unchanged, 2) fine-tuning financial charges and 3) adjusting D&A expenses and capex upwards, on the back of higher-than-expected intangible capex (€ 6.5m in H1-23 compared to our FY-23 estimate of € 2.0m). **The combined result is an average decrease of 2.1% and 0.8% in EBIT and Net Profit, respectively, coupled with an increase in the Net Financial Position, in 2023-25.**

Table 2 – Neosperience, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	24.0	24.0	0.0	0.0
EBITDA	7.5	7.5	0.5	0.0
% margin	31.2	31.0		
EBIT	2.0	1.9	3.2	0.1
% margin	8.3	8.0		
Net Profit	0.9	0.8	4.4	0.0
% margin	3.6	3.5		
Y/E net debt/(cash)	13.8	9.3	48.9	4.5

Source: CFO SIM

Table 3 – Neosperience, 2024e new/old estimates

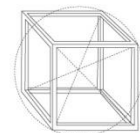
€ m	New	Old	% Diff.	€ m Diff.
Revenues	29.1	29.1	0.0	0.0
EBITDA	9.2	9.2	(0.1)	(0.0)
% margin	31.7	31.8		
EBIT	3.6	3.7	(5.1)	(0.2)
% margin	12.2	12.9		
Net Profit	2.0	2.1	(3.6)	(0.1)
% margin	6.8	7.1		
Y/E net debt/(cash)	10.6	6.6	60.9	4.0

Source: CFO SIM

Table 4 – Neosperience, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	36.7	36.7	0.0	0.0
EBITDA	12.1	12.1	(0.3)	(0.0)
% margin	32.9	33.0		
EBIT	6.3	6.6	(4.4)	(0.3)
% margin	17.3	18.1		
Net Profit	3.9	4.0	(3.3)	(0.1)
% margin	10.6	10.9		
Y/E net debt/(cash)	6.2	2.6	n.m.	3.6

Source: CFO SIM



As a consequence of the revised estimates and updated valuation criteria, our **new DCF-based PT points to € 2.80/s (€ 3.00), 67.7% upside** to current price levels. **We reiterate our Buy recommendation on the stock.**

DCF

In applying the DCF valuation method, we have made explicit estimates until 2027 and assumed 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	3.0%
Tax rate	30.0%
Int. costs, after taxes	2.1%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	4.20%
Beta levered (x)	1.00
Required ROE	13.2%

Sources: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns related to the Euronext Growth Milan market segment that an investor might have. **Beta at 1.00** is a usual conservative value for a small cap. The WACC is calculated using a sustainable 70:30 equity/debt balance-sheet structure.

Table 6 – Neosperience, DCF model

€ m	2023e	2024e	2025e	2026e	2027e	Term. Val.
EBIT	2.0	3.6	6.3	8.0	9.7	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	1.4	2.5	4.4	5.6	6.8	
Change working capital	(0.4)	(0.8)	(1.7)	(0.9)	(0.1)	
Depreciation	5.5	5.7	5.7	3.9	2.0	
Investments	(8.5)	(4.0)	(4.0)	(3.0)	(2.0)	
Free Cash Flows	(2.0)	3.4	4.5	5.6	6.7	86.8
Present value	(1.9)	3.0	3.6	4.1	4.5	58.3
WACC	9.9%	9.9%	9.9%	9.9%	9.9%	
Long-term growth rate	2.0%					

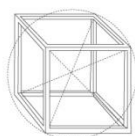
Source: CFO SIM

Table 7 – Neosperience, DCF derived from:

€ m	
Total EV present value € m	71.6
<i>thereof terminal value</i>	81.4%
NFP last reported	(11.6)
Pension provision	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)
Equity value € m	53.1
#m shares (excl. treasury shares)	19.17
Equity value €/s	2.80
<i>% upside/(downside)</i>	<i>67.7%</i>

Source: CFO SIM

The outcome of our DCF model generated an equity value of € 53.1m for Neosperience, which corresponds to € 2.80/s (€ 3.00), 67.7% upside to the current price levels.



The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of € 2.49-3.12/s (perpetuity range between 1.25% and 2.75%), while, 2) if compared to changes in the free risk rate, it produces an equity value of € 2.51-3.07/s (free risk range between 4.95% and 3.45%) and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of € 2.29-3.41/s (risk premium range between 10.50% 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	13.3	13.3	13.3	13.3	13.3	13.3	13.3
PV of terminal value	52.8	54.6	56.4	58.3	60.4	62.6	64.9
Total value	66.2	67.9	69.7	71.6	73.7	75.9	78.3
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	47.7	49.4	51.2	53.1	55.2	57.4	59.8
Equity value/share €	2.49	2.58	2.67	2.80	2.88	2.99	3.12

Source: CFO SIM

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

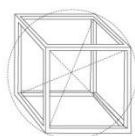
€ m	3.45%	3.70%	3.95%	4.20%	4.45%	4.70%	4.95%
Present value of CF	13.5	13.5	13.4	13.3	13.3	13.2	13.1
PV of terminal value	63.8	61.9	60.0	58.3	56.7	55.1	53.6
Total value	77.3	75.3	73.4	71.6	69.9	68.3	66.7
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	58.8	56.8	54.9	53.1	51.4	49.8	48.2
Equity value/share €	3.07	2.96	2.87	2.80	2.68	2.60	2.51

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	13.8	13.6	13.5	13.3	13.2	13.1	12.9
PV of terminal value	70.1	65.8	61.9	58.3	55.1	52.1	49.4
Total value	83.8	79.4	75.3	71.6	68.3	65.2	62.3
NFP last reported	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
Pension provision	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Equity value	65.3	60.9	56.8	53.1	49.8	46.7	43.8
Equity value/share €	3.41	3.18	2.96	2.80	2.60	2.44	2.29

Source: CFO SIM



Market Multiples

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

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

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

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

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

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

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

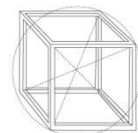
Gartner Inc provides research and analysis on the computer hardware, software, communications, and related information technology industries. The company's business segments include research, consulting, measurement, events, and executive programs

Growens SpA is a leading international scaleup company in the European Cloud Marketing Technologies market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 23,000 clients in 115 countries with a wide range of solutions.

HubSpot Inc provides a cloud-based marketing and sales software platform. The company offers integrated applications that help in lead generation and social marketing.

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 ₂₂₋₂₅	% EBITDA CAGR ₂₂₋₂₅	% EBIT CAGR ₂₂₋₂₅	% EPS CAGR ₂₃₋₂₅	NFP /EBITDA
Accenture PLC	UK	195,679	63,546	11,933	18.8%	7.0%	6.8%	8.1%	8.8%	n.m.
Adobe Inc	USA	228,754	18,274	9,076	49.7%	11.5%	18.0%	20.5%	13.0%	n.m.
Alkemy SpA	IT	43	119	13	10.6%	9.7%	11.9%	11.9%	32.9%	2.5
Digital360 SpA	IT	109	88	17	18.8%	25.6%	32.0%	49.1%	34.2%	1.0
dotDigital Group PLC	UK	253	80	26	32.6%	10.3%	8.3%	9.1%	6.3%	n.m.
Gartner Inc	USA	26,453	5,551	1,312	23.6%	9.1%	7.6%	6.2%	10.1%	0.9
Growens SpA	IT	101	84	1	1.4%	-0.2%	-13.0%	n.m.	-88.7%	n.m.
HubSpot Inc	USA	22,067	1,984	341	17.2%	22.4%	n.m.	n.m.	32.1%	n.m.
Maps SpA	IT	32	27	5	17.4%	8.6%	14.6%	18.6%	93.6%	2.3
Reply SpA	IT	3,361	2,140	325	15.2%	10.7%	11.2%	12.6%	13.0%	n.m.
Salesforce Inc	USA	189,847	32,580	13,676	42.0%	11.9%	46.9%	99.9%	18.3%	n.m.
TechTarget Inc	USA	756	215	64	29.7%	-4.3%	7.6%	11.5%	10.5%	2.8
Median		2,058	1,099	194	18.8%	10.0%	11.2%	12.3%	13.0%	2.3
Neosperience SpA	IT	35	24	7	31.2%	20.4%	23.4%	61.4%	111.0%	1.8

Sources: CFO SIM, Refinitiv 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	2.93	2.73	2.50	15.6	14.2	13.3
Adobe Inc	12.27	10.74	9.29	24.7	22.0	19.2
Alkemy SpA	0.63	0.54	0.45	5.9	4.6	3.7
Digital360 SpA	1.42	1.15	0.92	7.5	5.8	4.5
dotDigital Group PLC	2.52	n.a.	n.a.	7.7	n.a.	n.a.
Gartner Inc	4.98	4.55	4.09	21.1	19.4	17.2
Growens SpA	1.20	0.89	0.79	84.7	41.2	30.0
HubSpot Inc	10.68	8.56	6.81	62.1	47.4	34.0
Maps SpA	1.58	1.34	1.03	9.0	6.0	4.2
Reply SpA	1.46	1.25	1.08	9.6	8.1	7.0
Salesforce Inc	5.63	4.79	4.02	13.4	11.5	9.9
TechTarget Inc	4.36	4.09	3.49	14.7	12.2	9.4
Median	2.73	2.73	2.50	14.0	12.2	9.9
Neosperience SpA	2.01	1.55	1.11	6.5	4.9	3.4
% premium/(discount) to median	(26.1)	(43.0)	(55.4)	(54.0)	(59.7)	(65.8)

Sources: CFO SIM, Refinitiv Eikon

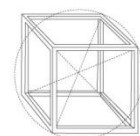


Table 13 – Neosperience, peer group EV & price multiple table

EV & Price multiples x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	19.3	17.5	15.8	26.6	24.5	22.5
Adobe Inc	27.1	23.7	20.4	33.2	29.6	26.0
Alkemy SpA	9.4	6.5	5.1	9.1	6.2	5.2
Digital360 SpA	12.5	8.8	6.5	27.3	19.2	15.2
dotDigital Group PLC	11.8	n.a.	n.a.	17.1	16.4	15.2
Gartner Inc	25.5	23.5	20.9	33.5	31.4	27.6
Growens SpA	n.m.	n.m.	95.8	n.m.	n.m.	n.m.
HubSpot Inc	77.3	56.4	40.0	85.4	67.9	48.9
Maps SpA	27.4	11.9	7.3	31.7	12.4	8.5
Reply SpA	11.9	9.9	8.4	18.3	15.9	14.3
Salesforce.Com Inc	18.7	15.1	11.9	25.4	21.7	18.2
TechTarget Inc	15.5	14.4	11.2	15.7	14.8	12.9
Median	18.7	14.8	11.9	26.6	19.2	15.2
Neosperience SpA	24.3	12.7	6.4	39.8	17.5	8.9
% premium/(discount) to median	29.9	(13.9)	(46.0)	49.3	(8.9)	(41.2)

Sources: CFO SIM, Refinitiv Eikon

We applied a **25.0% discount** to the peer multiple median to account for the smaller size of Neosperience and lower liquidity of the NSP stock, as it is listed on the Euronext Growth Milan market. On the other hand, Neosperience unveils Sales, EBITDA, EBIT and EPS CAGR as well as EBITDA margin above the median, thus reducing the potential applicable discount. By applying the peer group EV/EBITDA multiple median (discounted by 25.0%) to Neosperience's metrics, we obtain a valuation **of Neosperience to the tune of € 3.10/s**, using 2023 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)	2.73	2.73	2.50	14.0	12.2	9.9
Neosperience metric	24.0	29.1	36.7	7.5	9.2	12.1
Net Financial Position	(13.8)	(10.6)	(6.2)	(13.8)	(10.6)	(6.2)
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Neosperience Equity Value	30.1	43.7	57.2	59.9	68.4	78.1
Neosperience Equity Value/share €	1.57	2.28	2.99	3.10	3.57	4.08
% upside/(downside)	(5.9)	36.4	78.8	85.6	113.6	144.0

Sources: CFO SIM, Refinitiv Eikon

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

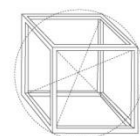
Neosperience Equity Value € m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	18.7	14.8	11.9	26.6	19.2	15.2
Neosperience metric	2.0	3.6	6.3	0.9	2.0	3.9
Net Financial Position	(13.8)	(10.6)	(6.2)			
Minorities (valued at 1.3x P/BV)	(5.2)	(5.2)	(5.2)			
Neosperience Equity Value	8.9	23.5	45.2	17.4	28.5	44.1
Neosperience Equity Value/share €	0.47	1.23	2.36	0.91	1.49	2.30
% upside/(downside)	(72.1)	(26.5)	41.2	(45.7)	(11.0)	37.8

Sources: CFO SIM, Refinitiv Eikon

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

€/s	FY1	FY2	FY3
EV/EBITDA	3.10	3.57	4.08
Weighting	100.0%	0.0%	0.0%
Equity Value	3.10		
% upside/(downside)	85.6%		

Sources: CFO SIM, Refinitiv 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 € 2.73/s on 24-Mar-23 and a minimum price of € 1.33/s on 28-Nov-22.

Table 17 – Neosperience, peer group and indexes absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	0.1	2.0	(0.8)	0.8	9.1	17.0	21.1
Adobe Inc	0.6	5.1	(1.8)	5.5	43.5	58.3	86.4
Alkemy SpA	1.2	(7.1)	(14.7)	(31.6)	(39.6)	(30.9)	(31.7)
Digital360 SpA	0.0	0.0	0.0	2.3	14.6	23.3	28.7
dotDigital Group PLC	(0.4)	(4.4)	(12.6)	(9.7)	(21.1)	(13.4)	(11.9)
Gartner Inc	0.5	4.1	1.6	0.4	12.5	5.9	22.7
Growens SpA	0.3	2.2	(1.2)	10.8	1.2	53.4	54.1
HubSpot Inc	(4.1)	0.4	(11.7)	(13.4)	14.4	61.8	71.1
Maps SpA	(1.5)	(2.6)	(16.0)	(23.0)	(22.5)	(27.9)	(25.2)
Reply SpA	2.4	2.9	3.6	(12.8)	(19.8)	(15.7)	(20.4)
Salesforce.Com Inc	(0.2)	3.5	(6.7)	(6.5)	9.5	56.0	42.0
TechTarget Inc	(2.6)	(2.2)	(4.4)	(10.3)	(20.6)	(34.6)	(55.2)
Median	0.0	1.2	(3.1)	(8.1)	5.2	11.4	21.9
Neosperience SpA	2.1	(5.9)	(10.2)	(13.2)	(21.6)	(4.6)	26.5
MSCI World Index	1.0	3.2	(2.3)	(2.2)	3.2	11.0	20.5
EUROSTOXX	2.1	2.5	(1.5)	(2.1)	(3.7)	7.8	20.2
FTSE Italia All Share	2.3	2.9	(1.2)	0.2	1.5	17.3	32.7
FTSE Italia STAR	2.4	0.5	(4.4)	(9.8)	(14.6)	(9.8)	0.2
FTSE Italia Growth	0.4	(1.1)	(7.7)	(10.9)	(14.6)	(12.7)	(8.9)

Source: Refinitiv Eikon

Table 18 – Neosperience, relative performances

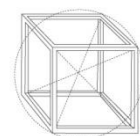
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	1.1	(9.1)	(7.9)	(11.0)	(24.8)	(15.5)	6.0
to EUROSTOXX	(0.0)	(8.4)	(8.7)	(11.1)	(17.9)	(12.4)	6.3
to FTSE Italia All Share	(0.1)	(8.8)	(9.0)	(13.4)	(23.1)	(21.9)	(6.2)
to FTSE Italia STAR	(0.3)	(6.4)	(5.9)	(3.5)	(7.0)	5.2	26.3
to FTSE Italia Growth	1.8	(4.8)	(2.5)	(2.3)	(7.0)	8.1	35.5
to Peer Median	2.1	(7.1)	(7.2)	(5.2)	(26.8)	(16.0)	4.6

Source: Refinitiv Eikon

Risks

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

- Fast technological development increasing competitive pressure
- Possible ICT malfunctions;
- Profit margin dilution stemming from the acquisition campaign;
- Impact on the profit & loss and balance sheet profiles triggered by a deep decline in global economic growth and/or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution hampered by potential consolidating industry players with huge firepower.



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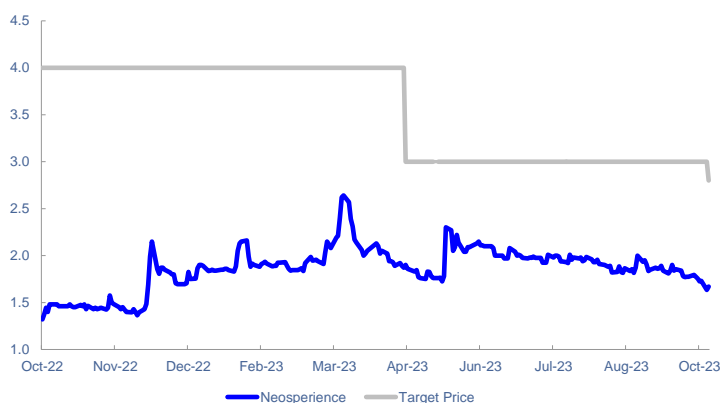
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DATE	TARGET PRICE	RATING
11/10/2023	€2.80	BUY
27/04/2023	€3.00	BUY
06/10/2022	€4.00	BUY

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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

