

Italy – Digital Innovation

A strategic acquisition able to enrich the group's offer

15th December 2021

RHEI ACQUISITION

RIC: NSP.MI
BBG: NSP IM

Neosperience acquired 51% of Rhei Srl, a domestic software company specialised in developing Customer Relationship Management solutions. The firm has been a Diamond Partner of HubSpot since 2017. The acquisition allows Neosperience to enlarge its client portfolio, also adding new international customers, as well as to strengthen the group's offer by creating the first empathic CRM tool worldwide.

Rating:

Buy

Price Target:

€ 10.50 (€ 10.00)

Upside/(Downside): 84.9%

Last Price: € 5.68

Market Cap.: € 42.7m

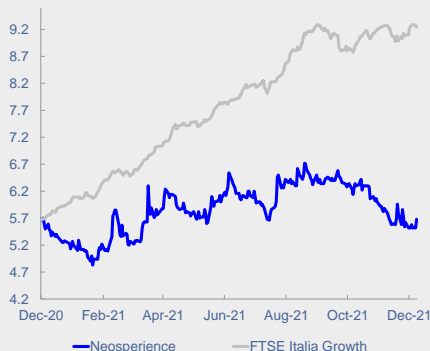
1Y High/Low: € 6.90 / € 4.76

Avg. Daily Turn. (3M, 6M): € 112k, € 98k

Free Float: 54.1%

Major shareholders:

Neos Srl 39.0%



Stock price performance

	1M	3M	12M
Absolute	-1.0%	-11.3%	1.6%
Rel.to FTSE IT Growth	-1.0%	-11.5%	-58.6%
Rel.to Sector	5.0%	-13.6%	-65.9%

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Estimates upgraded, new PT at € 10.50/s (€ 10.00), 84.9% upside: Buy

Following the acquisition of Rhei and the warrant exercise, we have updated our model in order to factor in: 1) the consolidation of Rhei as of Jan-22, 2) the outlay for the acquisition in FY-21 and 3) the cash-in stemming from the warrant exercise. The combined result is a 7.5%, 6.0% and 15.6% increase in Revenues, EBITDA and Net Profit on average in 2022-23. As a consequence of the estimate revision and the update in the valuation criteria, we set a new DCF-based fully-diluted PT for Neosperience at € 10.50/s (€ 10.00), 84.9% upside to current price levels. We reiterate our Buy recommendation on the stock.

A domestic software company focused on HubSpot-based CRM solutions

Rhei is a software company specialised in designing and implementing digital solutions with a focus on the development of innovative CRM solutions. Since 2017 the firm has been a Diamond Partner of HubSpot, one of the leading CRM platforms in the world. Thanks to a team of specialists and the use of the best technology, Rhei is able to assist companies in increasing the profitability of their sales channels and improving their relationships with customers. In 2021, Rhei is expected to reach sales to the tune of € 1.8m, with an EBITDA margin in excess of 20% and a NFP of € 0.6m (cash).

Neosperience buys 51% of Rhei for 6.0x EBITDA₂₁

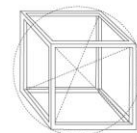
Neosperience buys 51% of Rhei for € 951k, € 476k of which is paid in cash and the remainder through the assignment of 78,000 newly-issued NSP shares, valued at € 6.08/s, to the sellers. After the approval of the FY-21 financial statements, the selling shareholders will be granted an earn out valued at 6.0x EBITDA reported in 2021, which compares with NSP's 8.6x current market valuation. A Put & Call option has been set on the remaining 49% of Rhei, to be exercised within Jun-22. The remaining 49% will be valued at 6.0x EBITDA reported in 2021 and the amount will be paid in newly-issued NSP shares.

A strategic acquisition aimed at creating the first empathic CRM tool worldwide

The integration of HubSpot-based solutions developed by Rhei in the Neosperience Cloud platform, already successfully tested with many projects and customers, will strengthen Neosperience's offer, giving life to the first empathic CRM tool worldwide. In particular, the acquisition of Rhei allows Neosperience to: 1) enlarge the client base, generating several cross-selling and upselling opportunities thanks to a wider product portfolio; 2) strengthen the group's international presence thanks to customers in UK, Germany, Benelux, France, Spain, and Switzerland; 3) reinforce the management team by including highly-skilled entrepreneurs in the group's shareholding structure; 4) comprehensively support clients in reinforcing their brand reputation and improving customer experience with the aim of increasing sales channel conversion rates, revenues and margins.

Neosperience, key financials and ratios

€ m	2019	2020	2021e	2022e	2023e
Revenues	13.9	16.4	19.2	26.3	34.1
Value of Production	17.5	19.6	22.2	29.3	37.1
EBITDA	3.6	4.8	5.1	7.2	9.7
EBIT	1.1	0.8	0.9	3.0	5.5
Net Profit	0.9	0.3	0.3	1.7	3.4
NFP (cash)/debt	1.2	5.4	0.8	(1.2)	(4.0)
EBITDA margin	20.4%	24.7%	22.9%	24.7%	26.2%
EBIT margin	6.4%	4.2%	4.1%	10.4%	14.8%
EPS stated FD €	0.11	0.03	0.03	0.19	0.37
EPS growth	-	-72.3%	5.9%	481.5%	94.9%
ROCE	6.2%	2.7%	2.6%	8.3%	13.6%
NWC/Sales	10.4%	21.2%	20.0%	19.1%	18.1%
Free Cash Flow Yield	-16.0%	-9.2%	0.7%	4.7%	6.7%
PER x	59.5	153.1	148.4	24.7	12.7
EV/Sales x	3.21	2.31	1.96	1.42	1.04
EV/EBITDA x	15.7	9.4	8.6	5.7	4.0
EV/EBIT x	50.1	55.6	48.3	13.6	7.0

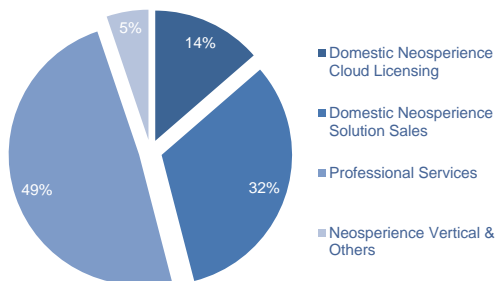


The Company at a Glance

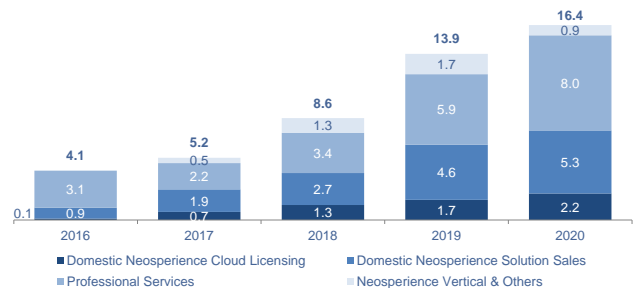
Set up in Brescia by Dario Melpignano and Luigi Linotto in 2006, today Neosperience is a leading software vendor operating in the digital customer experience & customer analytics sector. Thanks to its deep knowledge of software and app developing, the group internally designed Neosperience Cloud, an innovative cutting-edge Customer Data Platform based on Artificial Intelligence helping businesses to acquire new clients and increase the value of existing ones. Neosperience's 'empathy in technology' vision perfectly explains the peculiarity 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 clients with a customised and optimised experience based on customer personality.

The company reported a 41.0% sales CAGR₁₆₋₂₀ 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-20 figures show revenues of € 16.4m, value of production of € 19.6m, EBITDA of € 4.8m, 24.7% margin and Net Profit of € 0.3m. Net Financial Position was € 5.4m, corresponding to 1.1x NFP/EBITDA.

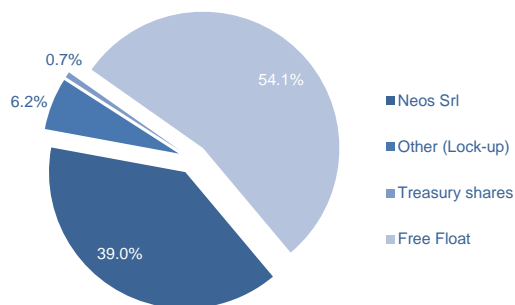
2020 Revenues breakdown by business line



Top line 2016-20 evolution



Shareholder structure



Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
Accenture PLC	(2.1)	(0.4)	(0.4)	8.5	29.2	41.5
Adobe Inc	(6.6)	(5.4)	(8.4)	(4.7)	12.1	22.9
Alkemy SpA	(1.0)	(3.3)	(6.5)	3.6	31.8	186.7
Be Shaping the Future SpA	(1.8)	(4.8)	0.5	27.5	66.3	89.0
Digital360 SpA	(1.1)	2.4	4.8	9.8	92.9	150.5
dotDigital Group PLC	(4.0)	(7.2)	(10.7)	(34.5)	(20.3)	11.6
Gartner Inc	(2.0)	(0.6)	(5.6)	1.1	33.7	96.0
Growens SpA	2.3	(2.0)	(0.2)	11.9	12.9	13.7
HubSpot Inc	(5.3)	(9.6)	(19.3)	2.4	28.5	73.5
Kaleyra Inc	0.5	(11.4)	(23.7)	(14.9)	(18.2)	(2.5)
Maps SpA	(0.8)	(2.8)	(4.7)	6.6	45.1	70.0
Reply SpA	(2.9)	(1.8)	(2.6)	2.3	26.0	83.4
Salesforce.Com Inc	(3.8)	(4.3)	(16.8)	0.5	5.4	14.9
TechTarget Inc	(6.7)	(12.9)	(21.9)	1.2	28.2	45.9
Median	(2.1)	(3.8)	(6.0)	2.3	28.4	58.0
Neosperience SpA	2.9	2.9	(1.0)	(11.3)	(10.4)	7.6

Source: Thomson Reuters Eikon

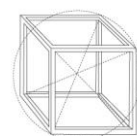
Peer group multiples table

Price & EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Accenture PLC	4.11	3.77	22.1	20.3	26.9	24.4	37.5	34.2
Adobe Inc	18.44	15.72	36.6	31.7	40.1	34.6	48.8	42.8
Alkemy SpA	1.49	1.28	14.4	11.1	18.3	14.3	27.3	18.7
Be Shaping the Future SpA	1.62	1.43	10.0	8.5	16.8	13.3	31.6	25.1
Digital360 SpA	2.58	1.89	12.8	9.7	22.2	16.6	34.0	24.4
dotDigital Group PLC	7.48	7.05	23.2	22.1	33.6	32.0	42.2	38.5
Gartner Inc	6.03	5.24	22.2	25.9	26.3	31.7	34.3	44.3
Growens SpA	1.06	0.92	13.7	9.5	44.6	22.6	63.4	28.8
HubSpot Inc	24.63	19.09	199.2	153.6	278.6	207.5	364.4	260.8
Kaleyra Inc	1.97	1.25	30.4	13.9	n.m.	n.m.	n.m.	n.m.
Maps SpA	2.04	1.53	7.9	5.8	13.7	9.9	17.7	14.0
Reply SpA	4.26	3.68	24.6	21.5	30.3	26.1	43.6	38.8
Salesforce.Com Inc	9.55	7.75	30.8	25.0	51.3	38.7	55.0	51.8
TechTarget Inc	9.99	8.25	25.1	20.1	31.9	22.6	35.2	29.6
Median	4.19	3.72	22.7	20.2	30.3	24.4	37.5	34.2
Neosperience SpA	1.96	1.42	8.6	5.7	48.3	13.6	148.4	24.7

Sources: CFO Sim, Thomson Reuters Eikon



Income statement (€ m)	2019	2020	2021e	2022e	2023e
Revenues	13.9	16.4	19.2	26.3	34.1
Value of Production	17.5	19.6	22.2	29.3	37.1
Raw material and processing	(0.1)	(0.5)	(0.6)	(0.7)	(0.9)
Services	(9.7)	(7.1)	(8.8)	(11.6)	(14.6)
Personnel expenses	(3.4)	(5.7)	(6.2)	(7.7)	(9.2)
Other opex	(0.7)	(1.4)	(1.6)	(2.1)	(2.6)
EBITDA	3.6	4.8	5.1	7.2	9.7
D&A	(2.5)	(4.0)	(4.2)	(4.2)	(4.2)
EBIT	1.1	0.8	0.9	3.0	5.5
Financials	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Re/(Devaluation) of financial assets	(0.0)	0.2	0.0	0.0	0.0
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.0	0.9	0.7	2.8	5.3
Income taxes	(0.0)	(0.5)	(0.2)	(0.8)	(1.6)
Minorities	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)
Net Profit	0.9	0.3	0.3	1.7	3.4
Balance sheet (€ m)	2019	2020	2021e	2022e	2023e
Net Working Capital	1.8	4.1	4.4	5.6	6.7
Net Fixed Assets	12.1	18.0	17.5	16.3	15.1
Equity Investments	0.9	1.0	1.0	1.0	1.0
Other M/L Term A/L	0.9	(1.0)	(0.8)	(1.0)	(0.4)
Net Invested Capital	15.7	22.1	22.1	21.9	22.4
Net Financial Debt	1.2	5.4	0.8	(1.2)	(4.0)
Minorities	0.3	0.7	0.9	1.1	1.4
Group's Shareholders Equity	14.2	16.0	20.4	21.9	25.0
Financial Liabilities & Equity	15.7	22.1	22.1	21.9	22.4
Cash Flow statement (€ m)	2019	2020	2021e	2022e	2023e
Total net income	0.9	0.3	0.3	1.7	3.4
Depreciation	2.5	4.0	4.2	4.2	4.2
Other non-cash charges	(2.5)	2.0	(0.2)	0.2	(0.6)
Cash Flow from Oper. (CFO)	0.8	6.2	4.3	6.2	7.0
Change in NWC	1.3	(2.3)	(0.3)	(1.2)	(1.1)
FCF from Operations (FCFO)	2.1	3.9	4.0	5.0	5.8
Net Investments (CFI)	(8.9)	(7.9)	(3.7)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(6.8)	(3.9)	0.3	2.0	2.8
CF from financials (CFF)	8.4	8.9	4.3	0.0	0.0
Free Cash Flow to Equity (FCFE)	1.6	4.9	4.6	2.0	2.8
Financial ratios	2019	2020	2021e	2022e	2023e
EBITDA margin	20.4%	24.7%	22.9%	24.7%	26.2%
EBIT margin	6.4%	4.2%	4.1%	10.4%	14.8%
Net profit margin	5.3%	1.3%	1.3%	5.9%	9.1%
Tax rate	3.6%	55.7%	30.0%	30.0%	30.0%
Op NWC/Sales	10.4%	21.2%	20.0%	19.1%	18.1%
Interest coverage x	10.64	7.78	3.74	12.68	22.83
Net Debt/EBITDA x	0.34	1.12	0.16	n.m.	n.m.
Debt-to-Equity x	0.09	0.34	0.04	n.m.	n.m.
ROIC	5.9%	1.2%	1.3%	7.9%	15.0%
ROCE	6.2%	2.7%	2.6%	8.3%	13.6%
ROACE	Neg.	3.4%	2.8%	8.5%	14.2%
ROE	6.5%	1.6%	1.4%	7.9%	13.5%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2019	2020	2021e	2022e	2023e
Number of shares # m	7.26	7.51	8.72	8.72	8.72
Number of shares Fully Diluted # m	8.21	8.45	9.00	9.00	9.00
Average Number of shares Fully Diluted # m	8.21	8.33	8.72	9.00	9.00
EPS stated FD €	0.11	0.03	0.03	0.19	0.37
EPS adjusted FD €	0.11	0.03	0.03	0.19	0.37
EBITDA €	0.43	0.58	0.58	0.81	1.08
EBIT €	0.14	0.10	0.10	0.34	0.61
BV €	1.77	1.98	2.37	2.56	2.94
FCFO €	0.25	0.47	0.45	0.56	0.65
FCFF €	(0.83)	(0.47)	0.03	0.22	0.32
FCFE €	0.19	0.59	0.52	0.22	0.32
Dividend €	0.00	0.00	0.00	0.00	0.00



The target: Rhei Srl

Rhei Srl is a software company specialised in designing and implementing digital solutions with a focus on the development of **innovative Customer Relationship Management (CRM) solutions**. Since 2017 the firm has been a Diamond Partner of HubSpot, one of the leading CRM platforms in the world. Thanks to a team of specialists and the use of the best technology, Rhei is able to assist companies in increasing the profitability of their sales channels and improving their relationships with customers. The firm has an extended portfolio of outstanding clients, including Dainese, Folli Follie, Marchiol, MCZ, PhotoSi, Santoni, Simes, Tecniche Nuove, Uretek, TeamSystem, Velux, Viessmann, and Woolrich. In 2021, Rhei is expected to reach **sales to the tune of € 1.8m**, with an **EBITDA margin in excess of 20%** and a **Net Financial Position of € 0.6m (cash)**.

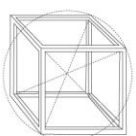
The deal: NSP buys 51% of Rhei for 6.0x EBITDA₂₁

Neosperience buys **51% of Rhei for € 951k**, € 476k of which is paid in cash and the remainder through the assignment of 78,000 newly-issued NSP shares, valued at € 6.08/s, to the sellers. 100% of these shares are subject to a lock up period until Dec-22 and 50% until Dec-23. After the approval of FY-21 financial statements, the selling shareholders will be granted an earn out, valued at **6.0x EBITDA reported in 2021**. A Put & Call option has been set on the remaining 49% of Rhei, to be exercised within June 2022. The remaining 49% will be valued at 6.0x EBITDA reported in 2021 and the amount will be paid in newly-issued NSP shares. Furthermore, the put option may be exercised by the sellers only upon reaching € 0.4m in terms of EBITDA achieved in 2021.

The Strategic Rationale

The integration of HubSpot-based solutions developed by Rhei in the Neosperience Cloud platform, already successfully tested with many projects and customers, will strengthen Neosperience's offer, giving life to **the first empathic CRM tool worldwide**. In particular, the acquisition of Rhei allows Neosperience to:

- **enlarge the client base**, generating several cross-selling and upselling opportunities thanks to a wider product portfolio;
- **strengthen the group's international presence** thanks to customers in the UK, Germany, Benelux, France, Spain, and Switzerland;
- **reinforce the management team** by including highly-skilled entrepreneurs in the group's shareholding structure;
- comprehensively **support clients in reinforcing their brand reputation and improving their customer experience** with the aim of increasing sales channel conversion rates, revenues and margins.



Valuation & Risks

Neosperience acquired 51% of Rhei Srl for 6.0x EBITDA₂₁. The firm is a software company specialised in designing and implementing digital solutions with a focus on the development of innovative Customer Relationship Management solutions. In 2021, Rhei is expected to reach sales to the tune of € 1.8m, with an EBITDA margin in excess of 20% and a Net Financial Position of € 0.6m (cash).

Furthermore, during the last financial period with regard to “Warrant Neosperience SpA 2019-2021”, 939,459 warrants were exercised and, as a consequence, 939,459 shares were issued at € 4.57 per share, corresponding to a total cash-in of € 4.3m for NSP.

Following the acquisition of Rhei and the warrant exercise, **we have updated our model** in order to factor in: 1) the consolidation of Rhei as of Jan-22, 2) the outlay for the acquisition in FY-21 and 3) the cash-in stemming from the warrant exercise. The combined result is a **7.5%, 6.0% and 15.6% increase in Revenues, EBITDA and Net Profit on average in 2022-23**.

Table 1 – Neosperience, 2021e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	22.2	22.2	0.0	0.0
EBITDA	5.1	5.1	0.0	0.0
% margin	22.9	22.9		
EBIT	0.9	0.9	0.0	0.0
% margin	4.1	4.1		
Net Profit	0.3	0.3	0.0	0.0
% margin	1.3	1.3		
Y/E net debt/(cash)	0.8	4.4	(81.6)	(3.6)

Source: CFO SIM

Table 2 – Neosperience, 2022e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	29.3	27.4	7.2	2.0
EBITDA	7.2	6.8	7.1	0.5
% margin	24.7	24.7		
EBIT	3.0	2.6	18.3	0.5
% margin	10.4	9.4		
Net Profit	1.7	1.4	22.1	0.3
% margin	5.9	5.2		
Y/E net debt/(cash)	(1.2)	2.4	n.m.	(3.6)

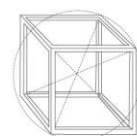
Source: CFO SIM

Table 3 – Neosperience, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Value of Production	37.1	34.9	6.2	2.2
EBITDA	9.7	9.3	4.8	0.4
% margin	26.2	26.5		
EBIT	5.5	5.1	8.5	0.4
% margin	14.8	14.5		
Net Profit	3.4	3.1	9.1	0.3
% margin	9.1	8.8		
Y/E net debt/(cash)	(4.0)	(0.3)	n.m.	(3.8)

Source: CFO SIM

As a consequence of the estimate revision and the update in the valuation criteria, we set a **new DCF-based fully-diluted PT for Neosperience at € 10.50/s (€ 10.00), 84.9% upside to current price levels**. We reiterate our **Buy** recommendation on the stock.



DCF

In our DCF-based valuation, we assess explicit estimates until 2025 and assume a long-term growth rate of 2.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 4 – WACC derived from:

Interest costs, pre-tax	2.0%
Tax rate	30.0%
Int. costs, after taxes	1.4%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	0.81%
Beta levered (x)	1.00
Required ROE	9.8%

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. Indeed, the 5Y Beta calculated by reference to the domestic B2B peer group is 0.88x. The WACC is computed using a sustainable 30:70 debt/equity balance-sheet structure.

Table 5 – Neosperience, DCF model

€ m	2021e	2022e	2023e	2024e	2025e	Term. Val.
EBIT	0.9	3.0	5.5	6.9	8.6	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	0.6	2.1	3.8	4.8	6.0	
Change working capital	(0.3)	(1.2)	(1.1)	(0.7)	(0.3)	
Depreciation	4.2	4.2	4.2	3.1	2.0	
Investments	(3.7)	(3.0)	(3.0)	(2.5)	(2.0)	
Free Cash Flows	0.8	2.2	3.9	4.7	5.8	111.1
Present value	0.8	2.0	3.4	3.8	4.3	83.6
WACC	7.3%	7.3%	7.3%	7.3%	7.3%	
Long-term growth rate	2.0%					

Source: CFO SIM

Table 6 – Neosperience, DCF derived from:

€ m	
Total EV present value € m	98.0
<i>thereof terminal value</i>	85.3%
NFP last reported	(5.4)
Pension provision	(1.0)
Minorities (valued at 2.8x P/BV)	(1.9)
Cash-in from warrant conversion	4.3
Equity value € m	93.9
#m shares FD (excl. treasury shares)	8.94
Equity value €/s	10.50
<i>% upside/(downside)</i>	84.9%

Source: CFO SIM

The outcome of our DCF model generated an equity value of € 93.9m for Neosperience, € 10.50/s (€ 10.00). The number of fully-diluted shares is calculated considering the reserved rights issue aimed at financing the acquisition of WorkUp and Rhei.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 9.29-12.14/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 **€ 9.48-11.77/s (free risk range between 1.56% and 0.06%)** and 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of **€ 8.62-13.35s (risk premium range between 10.5% and 7.50%)**.

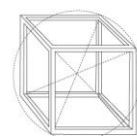


Table 7 – Neosperience, equity value sensitivity to changes in terminal growth rate

€ m	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
Present value of CF	14.4	14.4	14.4	14.4	14.4	14.4	14.4
PV of terminal value	72.7	76.0	79.7	83.6	88.0	92.8	98.2
Total value	87.1	90.4	94.0	98.0	102.4	107.2	112.6
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.8x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	83.0	86.3	90.0	93.9	98.3	103.1	108.5
Equity value/share €	9.29	9.66	10.07	10.50	11.00	11.54	12.14

Source: CFO SIM

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

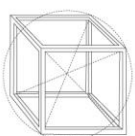
€ m	0.06%	0.31%	0.56%	0.81%	1.06%	1.31%	1.56%
Present value of CF	14.6	14.5	14.4	14.4	14.3	14.3	14.2
PV of terminal value	94.7	90.8	87.1	83.6	80.4	77.4	74.6
Total value	109.3	105.3	101.5	98.0	94.7	91.7	88.8
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.8x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	105.2	101.2	97.4	93.9	90.7	87.6	84.7
Equity value/share €	11.77	11.32	10.90	10.50	10.15	9.80	9.48

Source: CFO SIM

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

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	14.8	14.6	14.5	14.4	14.3	14.1	14.0
PV of terminal value	108.6	99.0	90.8	83.6	77.4	71.9	67.1
Total value	123.4	113.6	105.3	98.0	91.7	86.1	81.1
NFP last reported	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)
Pension provision	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Minorities (valued at 2.8x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Cash-in from warrant conversion	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equity value	119.3	109.6	101.2	93.9	87.6	82.0	77.0
Equity value/share €	13.35	12.26	11.32	10.50	9.80	9.18	8.62

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 optimization (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 firms and public administrations in understanding and implementing digital innovation processes. Established in 2012, the company runs a match-making platform for the demand for and supply of digital innovation.

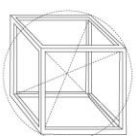
dotDigital Group PLC provides software, service technology and tools for digital marketing. Furthermore, it offers Software as a Service (SaaS) technologies, email marketing consultancy and managed services for businesses.

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

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

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

Kaleyra Inc provides cloud communication services. The company manages integrated multi-channel communication services using messages, push notifications, e-mail, instant messaging, voice, and chat bot services. Kaleyra serves customers worldwide.



Maps SpA is an Italy-based IT company, which provides data management solutions. The company develops technological solutions for the acquisition of information by extracting it from unstructured data and turning it into usable knowledge.

Reply SpA is a highly specialised group, supporting leading industrial firms in defining and developing business models to optimise and integrate processes, applications and devices, using new technology and communication paradigms, such as Big Data, Cloud Computing, Digital Communication, Internet of Things, Mobile and Social Networking.

Salesforce.Com Inc focuses on customer relationship management (CRM) technology. The company's Customer 360 platform delivers a source which connects customer data across systems, applications and devices to help companies sell, service, market and conduct commerce from anywhere.

TechTarget Inc operates a portfolio of industry-specific portals. The company focuses on portals that deliver resources to information technology professionals within specific vertical market segments.

Based on CFO SIM estimates, Neosperience shows **higher-than-median Sales, EBIT and EPS CAGR as well as EBITDA margin.**

Table 10 – Neosperience, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	% EBITDA margin	% Sales CAGR ₂₀₋₂₃	% EBITDA CAGR ₂₀₋₂₃	% EBIT CAGR ₂₀₋₂₃	% EPS CAGR ₂₁₋₂₃ /EBITDA	NFP
Accenture PLC	UK	216,227	50,803	9,438	18.6%	11.6%	16.7%	13.0%	10.9%	n.m.
Adobe Inc	USA	259,884	13,968	7,027	50.3%	19.8%	28.5%	32.6%	15.9%	n.m.
Alkemy SpA	IT	116	94	10	10.3%	16.4%	36.6%	46.7%	32.4%	2.5
Be Shaping the Future SpA	IT	373	227	37	16.2%	14.8%	18.7%	20.4%	22.2%	n.m.
Digital360 SpA	IT	86	34	7	20.1%	26.0%	28.2%	38.4%	35.4%	0.1
dotDigital Group PLC	UK	625	78	25	32.2%	14.5%	11.8%	12.3%	12.3%	n.m.
Gartner Inc	USA	22,939	4,092	1,113	27.2%	15.1%	20.8%	24.3%	-6.5%	1.5
Growens SpA	IT	75	70	5	7.7%	13.3%	25.7%	47.2%	80.3%	n.m.
HubSpot Inc	USA	28,866	1,142	141	12.4%	36.6%	n.m.	n.m.	42.4%	n.m.
Kaleyra Inc	USA	356	233	15	6.5%	53.7%	n.m.	n.m.	n.m.	6.8
Maps SpA	IT	44	24	6	25.8%	22.8%	45.5%	94.5%	29.6%	0.7
Reply SpA	IT	6,555	1,478	256	17.4%	14.1%	15.3%	16.8%	12.1%	n.m.
Salesforce.Com Inc	USA	222,283	23,378	7,248	31.0%	23.8%	54.7%	144.9%	15.1%	0.1
TechTarget Inc	USA	2,208	229	91	39.9%	35.9%	73.5%	86.0%	22.1%	0.9
Median		1,417	231	64	19.4%	18.1%	26.9%	35.5%	22.1%	0.9
Neosperience SpA	IT	43	22	5	22.9%	23.8%	26.2%	89.0%	241.9%	0.2

Sources: CFO SIM, Thomson Reuters Eikon

Table 11 – Neosperience, peer group EV multiple table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Accenture PLC	4.11	3.77	3.43	22.1	20.3	17.9
Adobe Inc	18.44	15.72	13.45	36.6	31.7	27.0
Alkemy SpA	1.49	1.28	1.10	14.4	11.1	9.3
Be Shaping the Future SpA	1.62	1.43	1.27	10.0	8.5	7.2
Digital360 SpA	2.58	1.89	1.58	12.8	9.7	7.8
dotDigital Group PLC	7.48	7.05	6.73	23.2	22.1	21.5
Gartner Inc	6.03	5.24	4.68	22.2	25.9	23.2
Growens SpA	1.06	0.92	0.79	13.7	9.5	7.5
HubSpot Inc	24.63	19.09	15.02	199.2	153.6	116.1
Kaleyra Inc	1.97	1.25	0.95	30.4	13.9	12.2
Maps SpA	2.04	1.53	1.19	7.9	5.8	4.5
Reply SpA	4.26	3.68	3.24	24.6	21.5	18.9
Salesforce.Com Inc	9.55	7.75	6.31	30.8	25.0	20.1
TechTarget Inc	9.99	8.25	7.00	25.1	20.1	17.1
Median	4.19	3.72	3.33	22.7	20.2	17.5
Neosperience SpA	1.96	1.42	1.04	8.6	5.7	4.0
% premium/(discount) to median	(53.1)	(62.0)	(68.7)	(62.2)	(71.7)	(77.3)

Sources: CFO SIM, Thomson Reuters Eikon

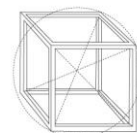


Table 12 – Neosperience, peer group EV & price multiple table

EV & Price multiples x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Accenture PLC	26.9	24.4	22.0	37.5	34.2	30.5
Adobe Inc	40.1	34.6	28.9	48.8	42.8	36.4
Alkemy SpA	18.3	14.3	11.1	27.3	18.7	15.6
Be Shaping the Future SpA	16.8	13.3	10.8	31.6	25.1	21.1
Digital360 SpA	22.2	16.6	12.3	34.0	24.4	18.6
dotDigital Group PLC	33.6	32.0	30.8	42.2	38.5	33.4
Gartner Inc	26.3	31.7	30.7	34.3	44.3	39.3
Growens SpA	44.6	22.6	15.4	63.4	28.8	19.5
HubSpot Inc	278.6	207.5	141.6	364.4	260.8	179.7
Kaleyra Inc	n.m.	n.m.	116.5	n.m.	n.m.	n.m.
Maps SpA	13.7	9.9	6.5	17.7	14.0	10.5
Reply SpA	30.3	26.1	22.9	43.6	38.8	34.7
Salesforce.Com Inc	51.3	38.7	29.9	55.0	51.8	41.5
TechTarget Inc	31.9	22.6	17.7	35.2	29.6	23.6
Median	30.3	24.4	22.4	37.5	34.2	30.5
Neosperience SpA	48.3	13.6	7.0	148.4	24.7	12.7
% premium/(discount) to median	59.5	(44.1)	(68.6)	295.2	(27.7)	(58.4)

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, on the back its listing on the Euronext Growth Milan market. On the other hand, Neosperience unveils higher-than-median Sales, 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 attain an **appraisal of Neosperience to the tune of € 12.20/s** (€ 10.00), using 2022 estimates and multiples (previously 2021) in order to factor in the full consolidation of the recently acquired Rhei.

Table 13 – Neosperience, equity value assessment, 1#3

Neosperience Equity Value € m	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Median Peers (x)	4.19	3.72	3.33	22.7	20.2	17.5
Neosperience metric	22.2	29.3	37.1	5.1	7.2	9.7
NFP	(0.8)	1.2	4.0	(0.8)	1.2	4.0
Minorities (valued at 2.8x P/BV)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Neosperience Equity Value	66.9	81.2	94.8	83.6	109.2	129.7
Neosperience Equity Value/share €	7.49	9.09	10.61	9.35	12.20	14.51
% upside/(downside)	31.9	60.0	86.8	64.7	115.2	155.5

Sources: CFO SIM, Thomson Reuters Eikon

Table 14 – Neosperience, equity value assessment, 2#3

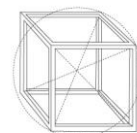
Neosperience Equity Value € m	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Median Peers (x)	30.3	24.4	22.4	37.5	34.2	30.5
Neosperience metric	0.9	3.0	5.5	0.3	1.7	3.4
NFP	(0.8)	1.2	4.0			
Minorities (valued at 2.8x P/BV)	(1.9)	(1.9)	(1.9)			
Neosperience Equity Value	17.7	55.0	94.4	8.1	44.3	77.1
Neosperience Equity Value/share €	1.98	6.16	10.57	0.91	4.96	8.63
% upside/(downside)	(65.1)	8.4	86.1	(84.0)	(12.7)	51.9

Sources: CFO SIM, Thomson Reuters Eikon

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

€/s	FY1	FY2	FY3
EV/EBITDA	9.35	12.20	14.51
Weighting	0.0%	100.0%	0.0%
Equity Value	12.20		
% upside/(downside)	114.8%		

Sources: CFO SIM, Thomson Reuters Eikon



Peer Stock Performance

Neosperience was listed on the Euronext Growth Milan market on **20th February 2019 at € 3.42/share**, corresponding to a post-money **market capitalisation of € 22.1m**. Neosperience now trades well above the IPO price, +66.1% since the IPO. The stock reached a 1Y intraday maximum price of € 6.90/s on 23-Mar-21 and a minimum price of € 4.76/s on 28-Jan-21.

Table 16 – Neosperience, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Accenture PLC	(2.1)	(0.4)	(0.4)	8.5	29.2	41.5	51.7
Adobe Inc	(6.6)	(5.4)	(8.4)	(4.7)	12.1	22.9	26.4
Alkemy SpA	(1.0)	(3.3)	(6.5)	3.6	31.8	186.7	183.5
Be Shaping the Future SpA	(1.8)	(4.8)	0.5	27.5	66.3	89.0	89.0
Digital360 SpA	(1.1)	2.4	4.8	9.8	92.9	150.5	207.3
dofDigital Group PLC	(4.0)	(7.2)	(10.7)	(34.5)	(20.3)	11.6	21.1
Gartner Inc	(2.0)	(0.6)	(5.6)	1.1	33.7	96.0	103.1
Growens SpA	2.3	(2.0)	(0.2)	11.9	12.9	13.7	7.1
HubSpot Inc	(5.3)	(9.6)	(19.3)	2.4	28.5	73.5	80.0
Kaleyra Inc	0.5	(11.4)	(23.7)	(14.9)	(18.2)	(2.5)	4.1
Maps SpA	(0.8)	(2.8)	(4.7)	6.6	45.1	70.0	63.6
Reply SpA	(2.9)	(1.8)	(2.6)	2.3	26.0	83.4	84.3
Salesforce.Com Inc	(3.8)	(4.3)	(16.8)	0.5	5.4	14.9	15.5
TechTarget Inc	(6.7)	(12.9)	(21.9)	1.2	28.2	45.9	71.5
Median	(2.1)	(3.8)	(6.0)	2.3	28.4	58.0	67.5
Neosperience SpA	2.9	2.9	(1.0)	(11.3)	(10.4)	7.6	1.6
MSCI World Index	(0.8)	(1.4)	(2.8)	0.7	4.0	16.7	19.8
EUROSTOXX	(0.8)	(2.7)	(5.2)	(1.4)	0.7	16.3	18.3
FTSE Italia All Share	(0.0)	(2.2)	(4.5)	1.7	3.0	20.2	22.7
FTSE Italia STAR	(0.9)	(2.1)	(4.0)	0.1	10.1	39.3	44.4
FTSE Italia Growth	(0.4)	0.2	0.0	0.2	17.1	55.8	60.3

Source: Thomson Reuters Eikon

Table 17 – Neosperience, relative performances

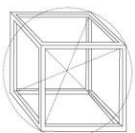
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	3.7	4.3	1.8	(12.0)	(14.4)	(9.1)	(18.2)
to EUROSTOXX	3.7	5.6	4.1	(9.8)	(11.1)	(8.7)	(16.7)
to FTSE Italia All Share	2.9	5.1	3.5	(12.9)	(13.4)	(12.6)	(21.1)
to FTSE Italia STAR	3.8	5.0	2.9	(11.4)	(20.5)	(31.7)	(42.8)
to FTSE Italia Growth	3.3	2.7	(1.0)	(11.5)	(27.5)	(48.2)	(58.6)
to Peer Median	5.0	6.7	5.0	(13.6)	(38.8)	(50.4)	(65.9)

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 being hampered by potential consolidating actors in the industry with huge firepower.



ANALYST CERTIFICATION

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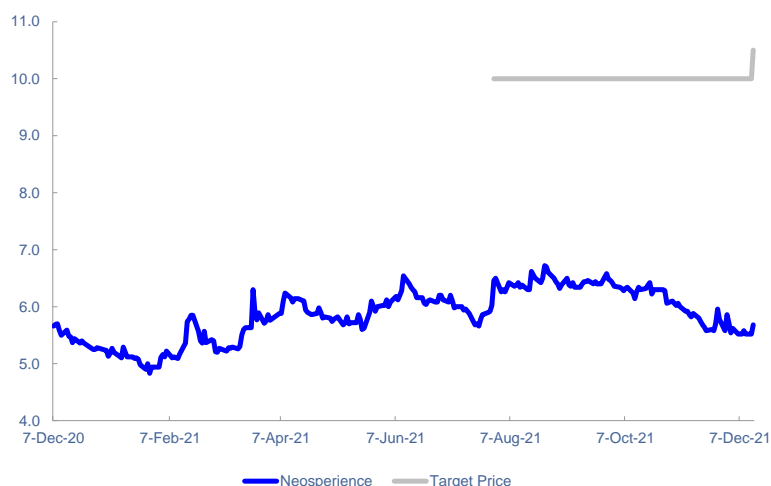
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DATE	TARGET PRICE	RATING
15/12/2021	€10.50	BUY
30/09/2021	€10.00	BUY
29/07/2021	€10.00	BUY

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- 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.

