

# NEOSPERIENCE<sup>®</sup>

Double-digit growth with strong improvement in profitability

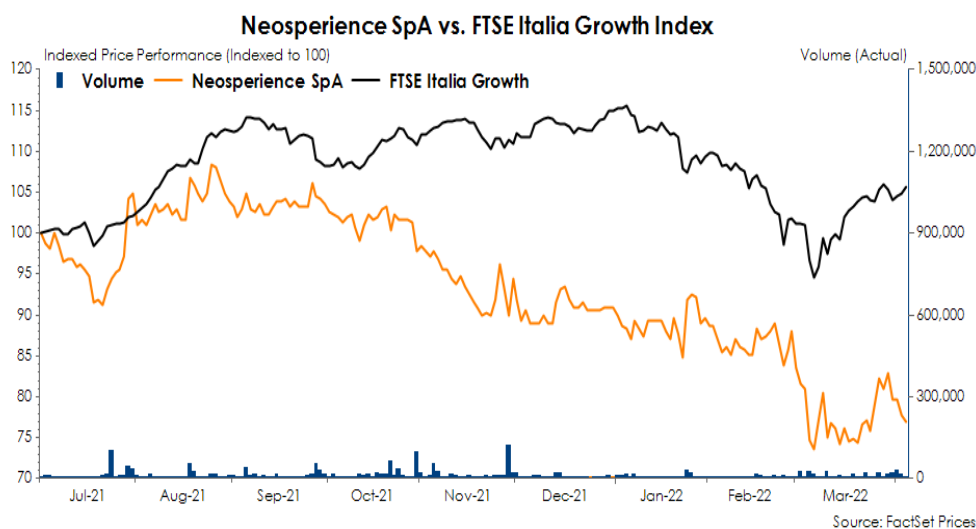
Sector: Technology

**FY21 sales reached Euro 18.2 m, slightly below our expectations (+11% YoY).** Neosperience, a leading Italian Tech Company specialized in Artificial Intelligence & Machine Learning, recently reported solid FY21 results, showing double-digit growth in top line and a more than proportional progression in margins. The Company delivered strong sales at Euro 18.2 m, up 11% YoY and slightly below our estimates (Euro 19.3 m), thanks to the acquisition of significant new customers, the contribution of new companies with expertise that have joined the Group and the increasing deployment of solutions based on the Neosperience Cloud platform.

**Slightly increase in profitability despite significant capex during the year.** EBITDA came in at Euro 5.9 m (vs. Euro 4.8 m in FY20) and EBITDA margin stood at 28.7%, in total correspondence with our projections and up 23% YoY: this significant improvement is largely due to the better use of the group's internal resources, which enhances the value of the acquisitions made and the consequent drop in external costs due to increased efficiency. EBIT was of Euro 1.5 m and recorded a substantial growth compared to previous year (+82%, vs. Euro 0.81 m). Net income, consequently, has grown by 90% (Euro 0.41 m in FY20) to Euro 0.78 m. On the balance sheet side, we see a Net Financial Position worst than expected (Euro 7.0 m vs. Euro 3.6 m estimated) mainly due to total investments of Euro 11.3 m and Euro 4.3 m cash-in from warrant conversion.

**Continuing progression of "Empathy in Technology" mission.** Of particular note, in the first few months of 2022, is the evolution of the system for detecting pathologies from the analysis of biometric data with Artificial Intelligence. The Group employs sophisticated Machine Learning techniques that are gradually being incorporated into the Neosperience Health Cloud platform. The latter, also thanks to the support of the NRRP plan, is destined to provide a key contribution to the world of public and private healthcare, assisting remote diagnosis and AI-assisted telemedicine, as well as improving the care of chronic patients and the elderly, reducing costs for the community.

**Estimates revision and TP update.** Given the above and on the back of FY21 results, we finetuned our revenue forecast now assuming Euro 23 m in FY22 (Euro 26.4 m previously) and slightly decrease our EBITDA margin (now 28% in FY22 and 29% in FY23 vs 28% and 30% previously). Based on our updated estimates and peers' multiple re-rating (c. -15% since our last report), we updated our target price to Euro 11.75 p.s. (11.66 pr.) providing for an upside on current stock price of 150%. The stock is currently trading at FY22E/23E EV/EBITDA multiples of 8.4x and 5.2x at an average discount of 25% to peers. At our target price the stock would be trading at 15.2x and 12.1x respectively.



Target Price **11.75 (11.66 pr.)**

Price (€ m) **4.7**

Market Cap (€ m) **42.3**

EV (€ m) **49.3**

As of April 11<sup>th</sup>, 2022

## Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	NSP.MI/NSP:IM
ISIN	IT0005351496
N. of Shares	8,722,161
Free Float	54.81%
Main Shareholder	Neos S.r.l.

## Financials

	2020A	2021A	2022E	2023E
<b>Sales</b>	<b>16.4</b>	<b>18.2</b>	<b>23.0</b>	<b>28.5</b>
YoY %	12%	11%	27%	24%
<b>EBITDA</b>	<b>4.8</b>	<b>5.9</b>	<b>7.2</b>	<b>9.0</b>
EBITDA %	25%	29%	28%	29%
<b>EBIT</b>	<b>0.8</b>	<b>1.5</b>	<b>2.6</b>	<b>4.2</b>
EBIT %	4.2%	7%	10%	14%
<b>Net Income</b>	<b>0.4</b>	<b>0.8</b>	<b>1.5</b>	<b>2.7</b>
<b>Net Debt</b>	<b>5.5</b>	<b>7.0</b>	<b>4.8</b>	<b>0.4</b>

## Performance

	1M	3M	6M
Absolute %	0.4	-13.4	-25.5
Relative (FTSE Italia Growth)	-2.5	-12.6	-22.9
52-week High/Low (Eu)	6.9	/	4.4

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