Spindox

Sponsored Research

Italy | Technology

Investment Research

ESG FOCUS INSIDE

ESN

Full Company Report

Reason: Initiation of coverage

8 July 2022

Buy

Initiating Coverage

Share price: EUR	**12.00**
closing price as of 07/07/2022	
Target price: EUR	**15.50**

Upside/Downside Potential	**29.2%**
Reuters/Bloomberg	SPN.MI/SPN IM
Market capitalisation (EURm)	**72**
Current N° of shares (m)	6
Free float	**18%**
Daily avg. no. trad. sh. 12 mth (k)	8
Daily avg. trad. vol. 12 mth (k)	150.59
Price high/low 12 months	20.80 / 8.75
Abs Perfs 1/3/12 mths (%)	-0.83/-18.37/34.85

Key financials (EUR)	12/21	12/22e	12/23e
Sales (m)	68	78	85
EBITDA (m)	5	6	7
EBITDA margin	*7.8%*	*8.2%*	*8.5%*
EBIT (m)	4	5	5
EBIT margin	*5.9%*	*5.9%*	*6.1%*
Net Profit (adj.)(m)	3	3	4
ROCE	692.0%	32.4%	27.5%
Net debt/(cash) (m)	(1)	4	3
Net Debt Equity	*0.0*	*0.3*	*0.2*
Net Debt/EBITDA	-0.1	0.7	0.5
Int. cover(EBITDA/Fin.int)	15.9	16.1	12.9
EV/Sales	1.4	0.8	0.7
EV/EBITDA	18.1	9.9	8.7
EV/EBITDA (adj.)	18.1	9.9	8.7
EV/EBIT	24.2	13.8	12.2
P/E (adj.)	38.6	20.6	19.1
P/BV	8.0	4.3	3.5
OpFCF yield	*-1.6%*	*10.3%*	*8.9%*
Dividend yield	*0.0%*	*0.0%*	*0.0%*
EPS (adj.)	0.47	0.58	0.63
BVPS	2.30	2.82	3.39
DPS	0.00	0.00	0.00

Shareholders

Managers and founders 66%; Treasury shares 8%; Other 8%;

Source: FactSet

SPINDOX — FTSE Italy All Share (Rebased)
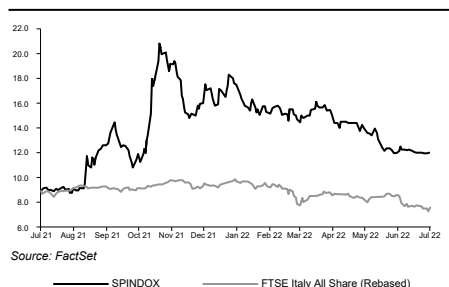
Analyst(s)

Andrea Devita, CFA

andrea.devita@bancaakros.it

+39 02 4344 4031

Gian Marco Gadini

gianmarco.gadini@bancaakros.it

+39 02 4344 4236

A spin on digital enablers

We initiate our coverage on Spindox (SPN) with a Buy recommendation and EUR 15.5 Target Price. We believe that the company is well positioned in the most promising segment of the Italian ICT market and is due to benefit from the strong perspectives of applied Artificial Intelligence. At the current share price, the stock offers an interesting entry point with nearly 30% upside on intrinsic valuation and interesting relative valuation vs. domestic international IT operators and AI players.

✓ Spindox is an Italian ICT player. It designs, develops and implements services and solutions in order to help its customers (mostly large corporations) in their digital transformations, by offering consultancy, IT and network engineering services, technology solutions and research support. SPN manages two research hubs, as well as relationships with universities and research organizations.

✓ Business model. Spindox's offer, compared to most of its competitors, is characterized by its wide and complete offer of system integration and ICT consultancy: from ICT services, to consultancy and management of IT functions, to activities of research and development, to the supply of software products. The company has a diversified coverage of industries/sectors including TLC, automotive, energy and utilities, manufacturing, retail, media, fashion and apparel, finance, transportation, logistics, manufacturing and pharma (following the acquisition of Plan Soft at the end of 2021).

✓ FY 2021 results. SPN's revenues grew by 18.2% Y/Y, including an approx. 2pp contribution from the consolidation of ACT. The EBITDA margin reached 7.8%, the highest level in the company's history, mainly driven by the higher gross margin generated by the AI Technology revenue line and the increased contribution of structurally more profitable sectors such as banking & insurance.

✓ IT market. The "Digital Enablers" are well positioned to continue driving IT sector growth, while AI is expected to be the fastest growing area with above 20% CAGR to 2024. IoT, which was the only "enabler" to suffer the pandemic in 2020 (-3.1%) should benefit from Industry 4.0 projects (high single digit CAGR) and present a further upside related to PNRR investments. With the increasing threats of this digital and interconnected ecosystem, Cybersecurity is due to deliver 13% CAGR to 2024.

✓ Forecasts. We expect SPN to maintain its healthy growth trajectory in the next few years, based on the strong underlying market trends, the public support to the domestic IT industry and the increased penetration in new verticals, in particular by leveraging on the newly acquired Plan Soft. From the baseline level of c. EUR 74m in FY 2021 (Akros pro-forma estimate) we expect the company's turnover to grow by a 9% CAGR to 2026 and EBITDA by 13% CAGR.

✓ Valuation. Our target price of EUR 15.5 comes from a DCF valuation to 2030, assuming terminal EBITDA margin of 10%, WACC of 9% and terminal growth rate of 2.5%, and is supported by a multiple comparison.

✓ Risks. Despite the rather diversified verticals served, SPN is largely exposed to cyclical sectors (primarily automotive, banking and manufacturing) and to country risk, as Italy account for >92% of group's revenues. The impact of the geopolitical crisis, as well as the adverse macro scenario inflating logistics and energy prices, is negligible. By contrast, SPN may be impacted by labour cost inflation, as personnel expenses stand at approx. 60% of revenues.

Produced by:

Banca Akros
GRUPPO BANCO BPM

Distributed by the Members of ESN (see last page of this report)

For important disclosure information, please refer to the disclaimer page of this report.

All ESN research is available on Bloomberg, "RESP ESNR", Thomson-Reuters, S&P Capital IQ, FactSet

# CONTENTS

Spindox Company milestones

- ✓ **August 2007** - Spindox SpA was founded by Fabrizio Bindi, Antonino Cilluffo, Luca Foglino (current CEO) and Paolo Costa (current Chief Marketing Officer)

- ✓ **2008** - Visiant Group was chosen as partner to support the new strategic business plan.

- ✓ **December 2010 – January 2011** - Through a Management Buyout transaction, the founding partners bought back the 56% of the company held by the Visiant Group (Covisian since 2016).

- ✓ **2013** - Spindox extended its range of services in the field of Help Desks, Applications and Infrastructure management and testing factories.

- ✓ **2015** - Spindox won the Interactive Media Council award for the best global website in the legal sector with the website it prepared for the law firm "Bonelli Erede".

- ✓ **June 2016** - Establishment of Spindox Labs, Innovation hub focused on R&D projects, artificial intelligence and IoT.

- ✓ **July 2016** - Launch of Apriconto App, created for UniCredit, recognized as the best solution in the mobile business environment (Digital360 Award).

- ✓ **2016** - Start of cooperation with universities and research institutions, such as Fondazione Bruno Kessler.

- ✓ **2017** - Extension of services to banking, public sectors, utilities and logistics.

- ✓ **April 10, 2019** - Minibond issuance, listed on Borsa Italiana ExtraMOT Pro[3].

- ✓ **2019 –** launch of GO!GREEN, to promote environmentally sustainable behaviour.

- ✓ **February 10, 2020** - Acquisition of ACT Operation Research industrial business unit, focused on AI solutions, to support decision making and control processes.

- ✓ **2020** - Entry into Spanish market.

- ✓ **November 5, 2020** - Launch of Ublique© brand, to support AI Technology (demand intelligence, revenue management, warehouse optimization and transport planning).

- ✓ **2020** - Spindox ranked 42nd in the ranking of the TOP 100 Italian IT companies, compiled by IDC – Data Manager.

- ✓ **2021** - Launch of aHead Research. This is a non-profit entity that deals with research applied to industrial processes, with a focus on mathematical models and artificial intelligence for decision intelligence and advanced analytics.

- ✓ **June 2021 -** The company released its first sustainability report on 2020.

- ✓ **July 6, 2021** – Listing in Italian stock exchange (AIM segment) at a price of EUR 7.50.

- ✓ **August 2021** - SIAE + App was selected by ADI as one of the best products of Italian design, exhibited at the Milan Design Museum.

- ✓ **November 8, 2021** - Spindox signed a preliminary contract for the purchase of Plan Soft SRL and enters the ICT services market for the pharmaceutical industry.

- ✓ **December 16, 2021** - Spindox and Oplium Ltda entered into an agreement to provide products and services for digital security in the Italian market.

- ✓ **January 24, 2022** - Enel chose technology Ublique© for inventory optimization.

- ✓ **April 29, 2022 –** Acquisition of 51% of TMLab.

- ✓ **May 20, 2022 –** Acquisition of 51% of Stackhouse.

Spindox at a glance

Spindox is an Italian ICT player. It designs, develops and implements services and solutions in order to help its customers (mostly large corporations) in their digital transformations, by offering consultancy, IT and network engineering services, technology solutions and research support. SPN invests in R&D 2% of its annual revenues and manages two research hubs, as well as relationships with universities and research organizations.

The **company has a diversified coverage of industries/sectors** including TLC, automotive, energy and utilities, manufacturing, retail, media, fashion and apparel, finance, transportation, logistics, manufacturing and pharma (following the acquisition of Plan Soft at the end of 2021).
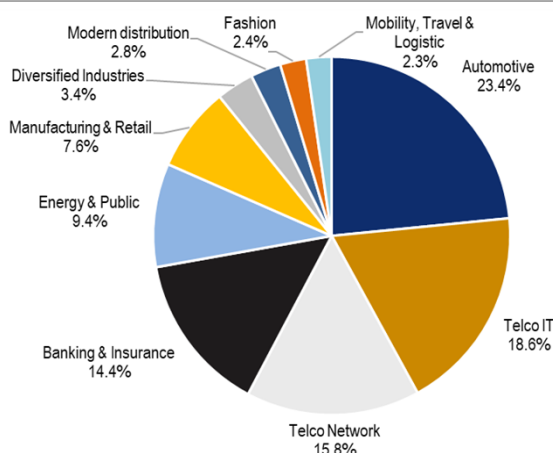
Spindox: revenues by vertical (FY 2021)   **Spindox: revenues by segment (FY 2021)**
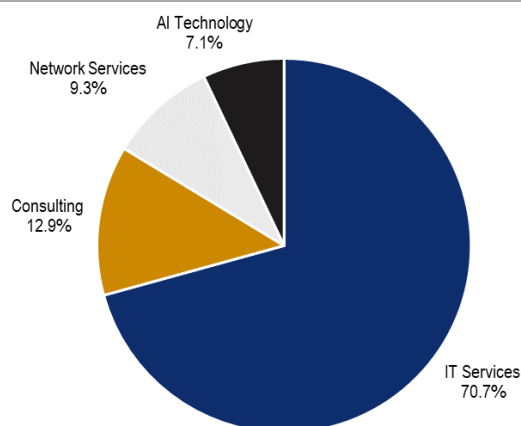
Source: Company Data

Spindox's offer, compared to most of its competitors, is characterized by its wide and complete offer of system integration and ICT consultancy: from ICT services (Spindox brand), to consultancy and management of IT functions (Bixuit and Dogix brands), to activities of research and development (Spindox Labs S.r.l.), to the supply of software products (Ublique© through Spindox AG).

SPN's revenues grew by a 17.5% ten-year CAGR to FY 2021, mostly on organic basis. There was no year of negative growth, while the weakest performances were FY 2017 (+1.3%) and FY 2020 (+9.5%, of which we estimate c 5.5% organic). EBITDA grew by 22.9% CAGR in the same timeframe, with the largest improvement in the past 5 years, when EBITDA grew by 46% CAGR against the 20% CAGR in revenues.

SPN floated c. 16% of its share capital on July 6, 2021 on the Euronext Growth Milan (formerly AIM Italia). The IPO took place through the sale of 940K treasury shares (after a reverse stock split 1:20) at EUR 7.5 each, raising EUR 7.05m of fresh capital.

Mission and activities

Spindox is an Italian ICT player. It designs, develops and implements services and solutions in order to help its customers (mostly large corporations) in their digital transformations. Spindox and its subsidiaries have a widespread presence in Italy, through eight sites - Milan, Rome, Maranello, Turin, Cagliari, Trento, Bari and Ivrea - and abroad in Spain, Switzerland, the UK and the USA and a workforce of over 800 people.

The company operates in the ICT services (Information & Communication Technology) and products market. The company's **mission** is to drive and support the innovation of its customers' businesses, in Italy and abroad, by offering consultancy, IT and network engineering services, technology solutions and research support. SPN invests in R&D 2% of its annual revenues and manages two research hubs, as well as relationships with universities and research organizations.

The **company has a diversified coverage of industries/sectors** including TLC, automotive, energy and utilities, manufacturing, retail, media, fashion and apparel, banking and insurance, mobility, travel and transportation, logistics and distribution, manufacturing and pharma (following the acquisition of Plan Soft at the end of 2021).

The focus of SPN is digital **transformation**, involving the key, **fast growing digital technologies** ("digital enablers" according to Assinform) such as *cloud computing*, IoT, artificial intelligence, hybrid and native mobile, Big Data & Analytics).

In order to help its clients to redesign their business within the digital economy, improve their efficiency and operating performances and provide a richer experience to the customers, SPN leverages on **distinctive competences on technology and services** such as:

- ✓ Business digitalization (e.g., e-commerce, mobile banking, etc.);
- ✓ Digital transformation of business processes (e.g., omni-channel customer care, e-procurement, intranet, etc.);
- ✓ digital transformation of objects and experiences (e.g., frictionless retail point of sales, connected vehicles, systems for plant control and predictive maintenance, simulation and digital twins, etc.);
- ✓ Decision support systems and process automation, (e.g., demand intelligence, revenue management, transport planning, warehouse optimization, monitoring, etc.);
- ✓ Improving operations' efficiency (e.g., consulting and process re-design, implementation of DevOps and Test DevOps methodologies, outsourcing of service desk);
- ✓ Optimizing the utilization of hardware e software resources (e.g., migration of data center to cloud, environment design of hybrid architectures, etc.);
- ✓ Security and data protection.

Products and services

The company operates in four areas:

- **ICT services** (over 70% of 2021 revenues) is the historical and main activity of SPN, and in turn involves two different types of business model, namely projects and continuative (recurring) services. Projects are "one-off" activities for the client such as system integration (integration, configuration, and customization of enterprise grade SW), dedicated application development, design and implementation of HW and SW infrastructure. Continuative Services are recurring activities for the client, including application maintenance, SW quality assurance, support for operations, help desk/service desk, network engineering, hardware infrastructure management. SPN claims to differentiate itself from the large system integrators based on its predictive, rather than "reactive" approach, which helps it to consistently increase its revenues and its "share of wallet" of their company's IT budget.

- **Consulting and Cybersecurity** (13% of 2021 revenues) employs 130 professionals and involves two different activities provided through two different brands, namely IT Consulting ("Dogix" brand, management of complex projects), Business Growth ("Bixuit", repositioning and update through the most advanced technologies) and Cybersecurity ("Oplium Italia"). In more detail, Dogix offers project governance, Business Analysis, and compliance. Bixuit is focused on Business Growth: strategy design, experience design, product/service design, marketing and communication, digital culture. Oplium Italia brings on the market a series of carefully selected, third-party services and proprietary solutions for cybersecurity and digital risk management, such as: cyber intelligence, security framework testing and adoption, privacy requirements compliance, cyber-attacks simulation, identification and management of vulnerabilities.

- **Network Services** (roughly 9% of 2021 revenues) involves network engineering services dedicated to large telecom operators. The addressed domains are the implementation of 5G standards (network design, equipment configuration testing, OSS upgrade, security tests) and the Digital transformation and revamping of Operational Support Systems (OSS) and Business Support Systems (BSS)-

- **AI Technology** (7% of revenues), which is a division created following the acquisition of ACT Operations Research business unit in 2020. This area includes the two research labs Spindox Labs S.r.l. (AI for language and image recognition) and aHead Research ETS (mathematical-statistic models for prediction, based on machine-learning techniques) and the proprietary AI platform Ublique©, which implements statistical and AI tools for simulation, prediction and process optimization.

These four areas are strongly supported by intense R&D activity, which represents the source of innovation. These activities include prototyping/industrialization projects, discovery of new products and innovation, mainly in the areas of artificial intelligence (computer vision, natural language processing, optimization, prediction, and simulation), of the Internet of Things (IoT) and of 3D modelling.

Spindox's offer, compared to most of its competitors, is characterized by its completeness in all areas of system integration and ICT consultancy: from ICT services (Spindox brand), to consultancy and management of IT functions (Bixuit and Dogix brands), cybersecurity (Oplium Italia S.r.l.) to the activities of research and development (Spindox Labs S.r.l.), up to the supply of software products (Ublique© through Spindox AG).

In detail, Bixuit is the business design unit that combines design thinking and data science. This division implements strategies for the design of more successful and effective digital experiences that meet customer needs. Growth Hacking has allowed and allows for the experimentation of different marketing and development techniques for a company's product.

As regards Dogix brands, its consultants apply international methodologies, regarding both Project Management (PMP, Less Practitioner), Business Analysis (CFLBA) and Agile Approach (Scrum Alliance CSM, Scrum Alliance CSP-PO). Furthermore, many of them are ITIL certified, professionally recognized.

Spindox Labs is the hub that analyses innovation. Indeed, it is the division dedicated to technological research and prototyping. It develops the most innovative solutions for customers, by providing them with full support implementation.

On the other hand, aHead, the artificial intelligence unit, develops software products for Operations Research (optimization mathematics), stochastic simulation (digital twin) and data intelligence (data science, machine learning).

Focus on Ublique©

Ublique© is a decision support system consisting of a suite of vertical solutions created to help managers design and manage complex systems and processes. SPN registered the trademark in the European Union, in Switzerland and in the US. The Swiss subsidiary Spindox AG is in charge of developing the product and offers application maintenance services.

We understand that the reference market is still too small to be identified in a "magic quadrant" however Gartner included Ublique© in two Hype Cycle reports in 2021, validating the underlying technological choices, the positioning, the go to market plan and the partnership strategies.

Applications. Ublique's applications can be used stand-alone, or in along with other applications, based on a "Lego approach". Ublique is designed to be integrated with Business processes and to collaborate with legacy IT systems. The current applications cover warehouse optimization, transport planning, revenue management demand intelligence.

End-Markets. thanks to its wide range of applications, this division is suitable for users in many markets and sectors including retail & Modern Distribution, Transportation & Logistics, Manufacturing, Fashion.

Case studies. In August 2021, SPN announced the award, from the utility Iren Luce Gas e Servizi, of a contract worth EUR 390k, involving the implementation of Artificial Intelligence solutions to optimise the warehouse inventory and the reordering policies based on the Ublique© technology.

In January 2022, SPN announced that ENEL chose Ublique for the implementation of a decision support system for the optimization of the inventory management of energy generation plants. The official name of the project is Artificial Intelligence for Working Capital (AI4WC). The core of the project is the inventory optimization of the spare parts of the plants, which has the purpose of keeping the working capital under control by optimizing the quantities in stock and those to be reordered in compliance with the service quality levels. Enel asked to identify the best reordering policy for spare parts in stock and the values of the specific parameters being able to automatically classify the level of criticality of the materials. The system will be realized for Thermo and Renewable plants (Wind, Solar, Hydro).

Business model: marketing and commercial

The **marketing and communication function** consists in 15 people team distributed among the offices of Milano, Torino, Roma and Barcelona, which manages: a) the positioning of the company; b) monitoring the correct and consistent transmission of the company's brand and image; c) - Communication of the content of service offering; d) institutional communication and press office; e) Communication and coordination of public engagement activities (including non-financial social and environmental statement); f) Internal communication; g) Lead management (onboarding of potential clients).

Marketing activities are deployed across several channels including a) websites (5 sites generating 20K monthly unique users and 35K monthly page views); b) video and podcasts internally designed and produced; c) white papers and case studies; d) webinars (5 in 2020); e) social media management and on-line adv on the main platforms.

Customer acquisition is usually based on direct contacts with the top management (directional clients) or through the participation to tenders (stand-alone or in partnership with other players).
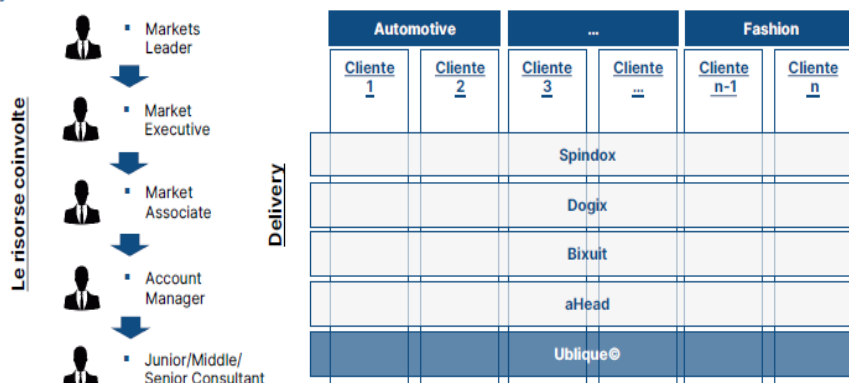
Contracts. Spindox operates according to different service modes including i) project contract, usually "turnkey" with a duration below 1 year; ii) "Time and Material" contracts; ii) contracts for managed services, involving activities of "service desk" and "application maintenance", with a duration between 1 and 3 years.

Spindox go to market

Source: company presentation, June 2021

Customer management involves different roles involved in both the commercial and the delivery structures. At the commercial level, the relationship is managed by the Market Direction which oversees and co-ordinates the activities of the Directors specialized by sectors and/or market. The roles of Market Leader, Market Associate and Account Managers operate at different levels to understand the customers' needs, help shaping its choices, monitor the satisfaction level in its relationship with Spindox, in order to develop all the available business opportunities.

At the delivery level, the relationship with the client is entrusted to the "Client Manager" and to the "Program Manager", which have to assure the co-ordination of all Spindox's resources needed to execute the requested activities and services, in collaboration with the commercial structure. The entire delivery process is certified ISO 9001.

Business model: R&D

R&D is a key pillar of SPN's business model especially in the AI Technology Line of Business, which includes the two research labs Spindox Labs (AI for language and image recognition) and aHead Research ETS (mathematical-statistic models for prediction, based on machine-learning techniques) and the proprietary AI platform Ublique©, which implements statistical and AI tools for simulation, prediction and process optimization. According to the IPO registration document, SPN spent EUR 1.29m in R&D in FY 2020 (no other figures available). SPN also received public contributions for past R&D expenditure including around EUR 0.2m in each of the years 2018, 2020 and 2021 and EUR 0.46m in FY 2019.

The group has in place several partnerships with universities including Trento, La Sapienza (Roma), Pavia, Politecnico di Bari, SUPSI (Lugano), Universitat Politècnica de Catalunya (Barcellona) and research organizations (Fondazione Bruno Kessler, Contamination LAB, Create-Net, Centro Ricerche Fiat, CNR Emilia-Romagna).

Importantly, we note that SPN does not capitalize labour cost, which partially penalizes the company when compared with most of the peers which opt for this accounting choice.

The main R&D projects include:

Big data for connected car. Development of infrastructure for management of driving safety, info-mobility and in-board entertainment for a new car generation. https://www.spindox.it/it/blog/lauto-delpresente-e-del-futuro-e-connessa/

3D and AI for electric grid maintenance. Digitalization and automation of maintenance process for mid-tension electric lines on the national territory. https://www.spindox.it/it/blog/lidar-3d-e-intelligenza-artificiale-i-sopralluoghi-delle-linee-elettriche-diventano-automatici/

Blockchain for copyright management. Utilization of blockchain technology to protect copyright and immediate certification of the filing.

MIMEX project: Sensor fusion & AI for a "frictionless shop". Realization of a system, based on object detection tools and a deep learning model, which allows new experiences for a customer in a retail point of sale (proximity marketing, self-check-out), at the same time **improving the effectiveness of shelf reassortment.**

AI to support colour-recognition for the medical sector. Development of an algorithmic model for the control of automatic colour recognition, applied to the distribution process of "insulinic pens".

Project COD 19: AI technologies to fight COVID 19. A platform for at-home monitoring of Covid patient, through predictive models applied to the evolution of the disease in new contagion cases, based on AI techniques.

https://www.openinnovation.regione.lombardia.it/it/b/572/da-sacco-e-unimi-il-progettocentro-operativo-dimessi-covid-i-risultati

NTS (Nuovi Terminali Venditori): armonisation of a portfolio of services (payment of fines, bills, tax bills, train tickets, bank transfers, etc.) that are currently offered through different hardware and software systems.

Portable kit for customer journey. Implementation of a "middleware" software application connecting frontend mobile applications to legacy systems providing data. The model is based on a "Backand for Frontend" approach and, thanks to its modularity, enables the integration of mobile-native apps.

ESB Mulesoft. Implementation of a new Enterprise Service Bus (ESB) to connect front-end systems (portals and apps) to back-end systems and different back-end systems to each other. As it includes a variety of different systems and integrated technologies, this new "backbone" is expected to overcome all limits of older versions and become itself the base for the integration of IT systems.

Partnerships with vendors

SPN levers on many partnerships to develop its technologies and software solutions.

Microsoft

SPN specialises in the implementation, management and optimisation of Microsoft software, in particular the cloud platform Azure and the data analytics and data platform PowerBI and PowerAutomate.

It also enjoys the Microsoft Gold Partner certification, which flags the company's commitment to offering the highest level of service.

AWS

SPN is a Select Consulting Partner of Amazon Web Services. The company supports corporations in the design of the IT infrastructure and focuses on the migration from Microsoft products to AWS' solutions (the "End of Support" programme).

SPN also provides "Spindox Amazon Connect", a digital tool that offers an omnichannel cloud contact centre, and "IOT", a scalable platform that manages interconnected devices, mainly used in the automotive sector.

Google

SPN cooperates with Google Cloud Platform to provide corporations with consulting, design and implementation services focused on digital transformation, development of cloud-native applications, proof of concept and end-to-end support to cloud solutions.

Through "Advantage Level Partner", SPN supports its customers throughout their "journey to cloud" from the initial analysis to the definition of the migration strategy.

Thanks to this joint programme, SPN can tap into certified professionals' knowledge in analytics, AI, cloud migration and IoT.

Elastic

SPN offers Elastic's software for real-time data analysis. The Elasticsearch, Logstash, Kibana, Beats and Observability modules are integrated in a flexible manner to index, search, and display structured or non-structured data.

Thanks to Elastic's software, SPN can provide customers in different verticals with solutions to manage big data in real-time.

Dynatrace

Dynatrace is a leading provider of monitoring applications. Thanks to AI tools, they can monitor a company's IT system and prevent failures. SPN uses the Dynatrace software to build solutions such as RUM (real user monitoring), synthetic monitoring, infrastructure or application monitoring.

Mia-Platform

SPN cooperates with Mia-Platform to set up digital transformation plans. Mia is an Italian tech company that has developed a platform based on the open-source software Kubernetes that significantly reduces the time-to-market and the costs of IT development projects.

Human Capital

TOP MANAGEMENT

The company is still led by the team of its co-founders, coming from experiences in the main IT consultants and with backgrounds in computer science engineering, economics and human science. In detail, the top management of the company consists of:

Luca Foglino (Co-founder & CEO). Work experience: Etnoteam (Head of Sales), independent IT consultant for the public administration, secondary school teacher. Degree in Computer Science at the University of Turin.

Giulia Gestri (Chairwoman of the board and CEO) – Work experience: Etnoteam (Client Manager), Allied Signal (Visitor Scientist). PHD Course in Robotics at the Universities of Pisa, Genova and Milano. Degree in Computer Science at the University of Pisa.

Paolo Costa (Co-founder, CMO & IR). Work experience: Etnoteam (Director), management consultant in organizational communication and change management, professional journalist, adjunct professor at the University of Pavia. Degree in Modern Literature at the University of Pavia.

Giovanni Diadema (COO and CFO). Work experience: Visiant, WPP, Sector Sport Watches, KPMG. Solid expertise in management control and extraordinary corporate finance transactions. Degree in Economics and Commerce from Università Cattolica in Milan

Mauro Marengo (Co-founder and CSO). Work experience: Ernst&Young Consultants (Analyst, Manager and Practice Leader for ERP Implementation Projects), solid expertise in management. Degree in Management engineering at the Polytechnic of Turin.

Elena Merlanti (HR Director). Work experience: Deloitte and Touche S.p.A. (HR and Recruiting manager). Degree in Psychology from Università Bicocca in Milan.

Massimo Pellei (Automotive, Manufacturing and Retail markets Director). Work experience: Ernst&Young, Capgemini, Accenture. Degree in Electronic Engineering at the University of Pavia.

Paola Bertorelle (Independent director). Work experience: Accenture (Business Consulting – Financial Services area), BNL – BNP Paribas group (HR sector, Head of Strategic Planning, COO of the Corporate Banking division), HR Director at DEPObank. Degree in Management engineering at the university of Padova.

Spindox: organizational chart
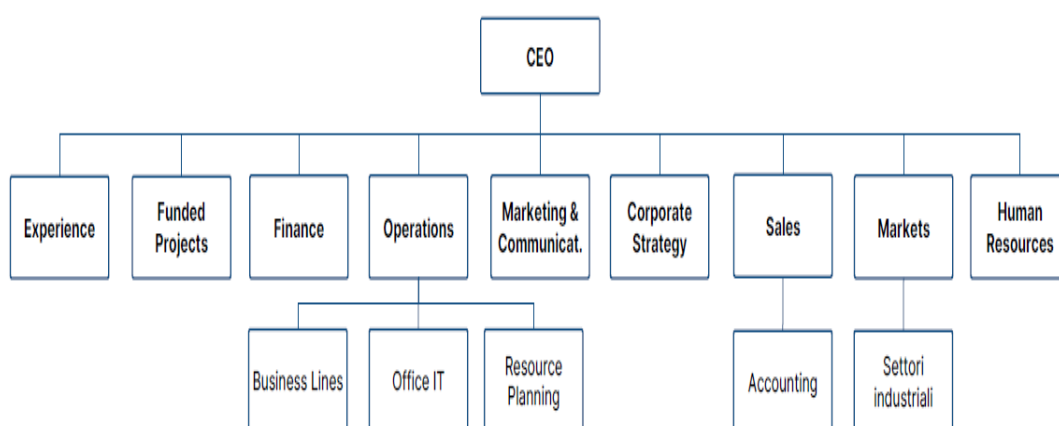
Source: company presentation, June 2021

BOARD OF DIRECTORS

On May 21, 2021, the Shareholders' Meeting, in ordinary session, resolved to determine at 8 the number of members of the Board of Directors who will remain in office until the date of approval of the financial statements at December 31, 2023. The remuneration of the board in FY 2021 was EUR 96K.

The members of the Board of Directors currently in office are represented in the table below.

Spindox: Board Members

Director	Year	Role	Executive	Independent
Giulia Gestri	1967	Chairwoman & CEO	Yes	No
Luca Foglino	1965	CEO	Yes	No
Giovanni Diadema	1967	Director (Chief Financial Officer)	Yes	No
Paolo Costa	1962	Director (Chief Marketing Officer)	Yes	No
Mauro Marengo	1971	Director (Chief Strategy Officer)	Yes	No
Elena Merlanti	1979	Director (HR Director)	Yes	No
Massimo Pellei	1974	Director	No	No
Paola Bertorelle	1972	Director	No	Yes

Source: Company Data

PERSONNEL

Labour is usually the key production factor in the IT sector, related to the activities of SW production, architecture design, implementation of solutions, IT consulting and system integration. In turn, operators in this segment utilize to a varying degree own personnel and external consultants to deploy projects or manage upgrades and HW/SW assistance.

Focus on personnel KPIs

	2017	2018	2019	2020	2021
Avg Personnel	442	550	666	720	749
Revenue per employee (EUR K)	75.1	77.6	78.7	79.7	90.5
Labour Cost (internal personnel)	-22.8	-28.2	-35.0	-36.7	-39.9
Wage (EUR K)	-51.6	-51.3	-52.5	-51.0	-53.3
Y/Y	*na*	*-0.6%*	*2.5%*	*-2.9%*	*4.4%*
Personnel Turnover	*na*	*na*	*18.2%*	*17.1%*	*16.0%*

Source: Company Data, Banca Akros estimates

Personnel categories. Nearly 97% of the personnel has a permanent, full-time contract. All workers are hired under the "steelworker" contract. Managers account for 3% of the workforce at the end of FY 2021, middle-managers for 13% and other employees for 74%. Apprentices account for the remaining 10%, which is mostly composed of workers aged less than 29.

Turnover. The turnover ratio is in line with the domestic industry, which is in turn lower than other countries characterized by higher labour mobility. The ratio in FY 2021 reached 16%, slightly down compared with 2020/19, with no impacts during the pandemic.

Hiring. SPN is currently engaged in hiring effort. During the pandemic, new hirings slowed down significantly (124 people, c. 18% of the workforce), before it returned to a normal level in FY 2021 (244 people, c. 30% of the workforce, in line with FY 2019). We note that SPN spent EUR 483K in 2021 (vs. EUR 304K in 2020) in services for personnel hiring and training.

Training. In FY 2021, SPN provided to its employees 11.5K training hours, of which 3.6K (31%) to the apprentices. Among the main training initiatives, we mention "Academy", an

education project that has been operating since 2017. It is designed for STEM new graduates (aged less than 30) and is focused on technical and soft skills. In 2020, SPN also launched the "Spindox Graduate Program", which is aimed at incentivising people to graduate in STEM disciplines. As of 2021, the project "On Boarding" has come into operation, to help newly hired people to get familiar with the colleagues and the corporate organisation.

Remuneration. As shown in the chart below, SPN's labour costs stand slightly above the average and the median of a selection of relevant peers operating in Italy.

Average unitary labour cost of selected IT services companies
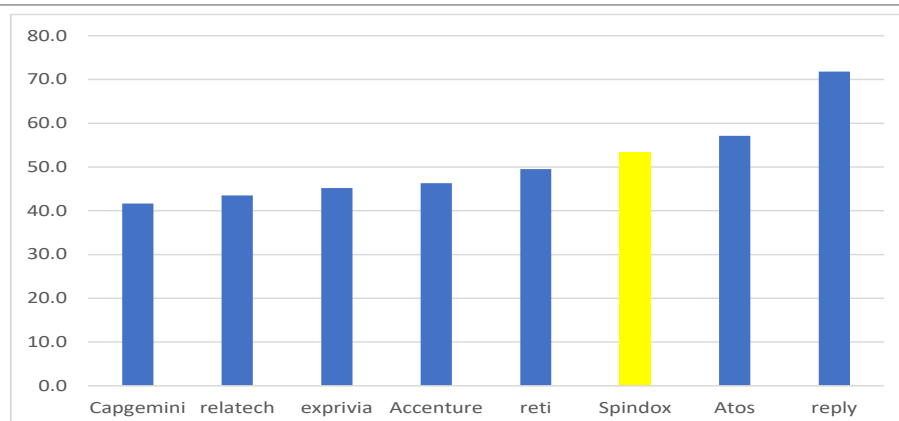
Source: company data, Banca Akros estimates (*) gross cost for the company, EUR K/year

Variable remuneration/stock options. On March 31, 2021, the Company's Board of Directors approved a Stock Option Plan 2021-2024 "in favor of employees of the Issuer or other Group companies. This plan provides for the allocation of a maximum of 17,000 options (post share split), valid for the assignment of a maximum of no. 17,000 treasury shares of the company after splitting; the options, assigned free of charge, can be exercised within a maximum term of one year starting from the assignment date at an exercise price equal to EUR 6.66 after the Split. As of the Admission Document Date, the Company has not assigned any options. The AGM of May 3, 2022, approved two new stock options plans, namely: i) Group 2022/2028 SOP for selected SPN employees, involving free options to subscribe up to 24K treasury shares, with 3 years vesting period and 3 years exercise period, and strike price of EUR 15.25 (weighted average market price in the 30 days before the approval of FY 2021 financial statement on 30 March 2022). ii) PlanSoft 2022/2028 SOP for two managers of PlanSoft, involving free options to subscribe up to 15,918 treasury shares, same 6-year period and strike price of EUR 10.68 (70% of the weighted average market price)

Spindox: KPIs on employees
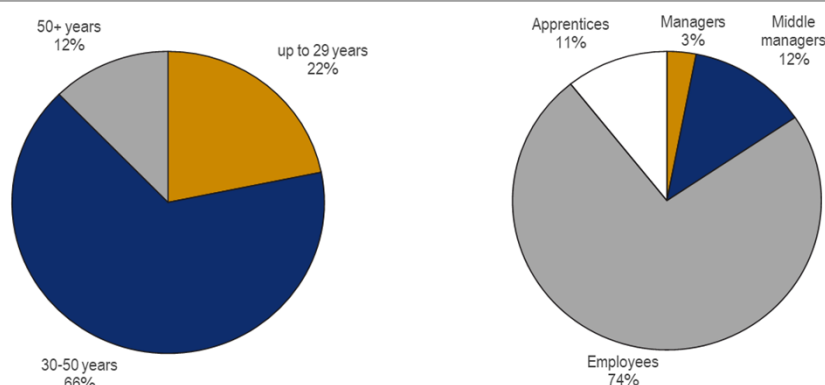
Source: 2021 Non-financial report

Sectors and main customers

Spindox's customer base mainly consists of large multinational companies headquartered in Italy, with important ICT budgets for innovation projects.

As with most young companies starting with preferred relationships with some important large account, SPN has been characterized by significant revenue concentration, which has been consistently decreasing in the past few years, thanks to the expansion in new verticals and the acquisition of new customers.

Customer concentration

EUR m	2018	2019	2020	2021
Main Customer	29.0%	21.3%	19.5%	na
First 3	58.7%	47.1%	41.9%	na
First 5	70.9%	60.9%	51.8%	na
First 10	72.8%	72.5%	70.9%	na

Source: IPO registration document

The main industries served are telecommunications (Vodafone, TIM, WindTre, Fastweb), automotive (Stellantis, Maserati, CNH Industrial, Iveco, Marelli), banking and insurance (Intesa Sanpaolo, BPER Banca, BNL BNP Paribas, Poste Italiane), retail & CPG (OVS, Amplifon, Ferrero, Lavazza), distribution (Conad, Coop, Autogrill, Despar, PAM), fashion (Moncler, Missoni, Bata), logistics & transportation (Europcar, Ceva) and energy (Edison, ENEL, Iren).

Spindox: revenues by vertical (FY 2021)
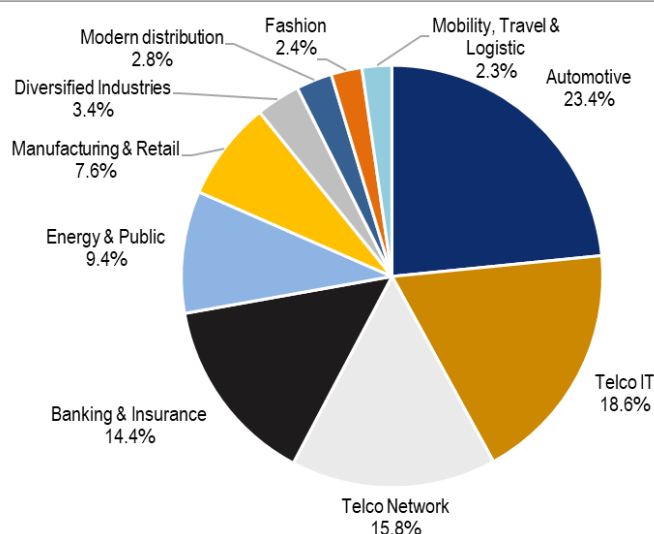
Source: Company Data

Automotive is the main sector, we understand it includes the main customer Stellantis (Maserati), followed by CNH Industrial (industrial vehicles) and Marelli (auto parts). The company covers a wide range of applications, which includes:

✓ Product innovation, i.e. the implementation of "connected car" tools and AI solutions to enhance the driving quality and safety of the vehicle;

✓ Process innovation, mainly through the integration of Industrial IOT solutions into the product development processes;

✓ Streamlining of business processes, to optimise all support activities;

- ✓ Marketing and customer care, particularly as regards the communication channels to the end user.

Telco was built on the business with the historical client Vodafone, along with TIM, Fastweb and WindTre. The solutions for Telco operators include:

- ✓ IT: redesign and digital transformation of Operations Support System (OSS) and Business Support System (BSS), the programming of cloud-native applications and the migration from legacy applications;
- ✓ Network: process automation referred to the network, with monitoring, diagnostics and predictive maintenance based on machine-learning techniques; implementation of the 5G standard.

In the **Banking and Insurance** sector, SPN has served leading financial institutions, such as Intesa Sanpaolo, BPER, Ubi Banca and FCA Bank. SPN covers three main areas:

- ✓ Access to customers' data: open banking API, enterprise data lake, advanced analytics and machine-learning systems;
- ✓ Customer relationship: the management of multichannel and multiplatform points of contact;
- ✓ Reputation and safety: data protection, IT safety and antifraud mechanisms. With this respect, the Covid-19 pandemic has led many institutions to adopt work-from-home arrangements, thus increasing the need for large, safe and efficient IT environments, as well as migrations to cloud-oriented models.

In the **Energy** sector, SPN has developed solutions for utilities such as Enel, Edison and BEPower. Business intelligence (through Ublique) to predict demand and optimise loads on the distribution network; customer relationships and after sales support; control of costs and risks involving the maintenance and the performance of the smart grid. The cluster also includes other state-owned multi-utilities (such as Poste Italiane) and public agencies (such as SIAE).

SPN serves some well-known brands in the **Manufacturing & Food** sector, particularly large-scale retailers (such as Ferrero, Lavazza and Amplifon), by offering IT support services, development and maintenance of solutions for business process management and project governance.

The **Modern Distribution** sector has enabled SPN to deploy the potential of Ublique. Indeed, the company has provided its customers (Coop, Conad, Despar, Autogrill, Condis) with useful tools amid the severe disruption triggered by the Covid-19 pandemic. In particular, the Demand Intelligence module proved useful to minimise inventories, by optimising re-stocking and avoiding stock-outs. Moreover, thanks to the "Lego approach" of the platform, SPN is able to integrate a Transport Planning module that rationalises the logistics between warehouses and points of sales.

For the needs of **Mobility, Travel & Logistics** industries, SPN designs applications based on Ublique Transport Planning. The solutions include machine learning tools to optimise delivery plans, predict demand, build digital twins and perform simulations. They can also be equipped with blockchain-based programs to track the supply chain and the payments to suppliers.

In the **Fashion** sector, SPN helps companies in the digital transformation process, which involves three main areas:

- ✓ customer relationship, with the adoption of live streaming and video-call for the aftersales support, the fast tracking of goods, and the "social commerce";
- ✓ sustainable consumption, which calls for a tight control of the supply chain,
- ✓ destination shopping, which is expected to decline in the post-Covid world in favour of more geographically localised consumption choices, thus requiring a new range of tools to reshape the marketing model.

Among the main customers, we name Moncler, Missoni, United Colors of Benetton, OVS and Bata.

Reference market and competitive position

Digital Market resilient in the pandemic and up mid-single digit in 2021

DGV competes in the Italian market for ICT products and services, which is a subsegment of the broader "Digital Market" as measured by Assinform. The latter, which includes communication services as well as digital advertising and consumer/home devices, was worth above EUR 75bn last year, up by 5.3% (slightly below the November 2021 estimate of +5.5%) on a 2020 that closed in any case better than the original low single digit decline expected back in April 2020. Indeed, the pandemic triggered the migration to remote working and learning and accelerated the digital transition of Italian companies.

Italian digital market (July 2022 update) 2016/2021a

| EUR m	2016	2017	2018	2019	2020	2021e*	2021a
HW & Systems	18,299	18,333	18,807	19,125	19,368	21,385	21,138
Y/Y	*na*	*0.2%*	*2.6%*	*1.7%*	*1.3%*	*10.4%*	*9.1%*
Software & ICT Solutions	6,259	6,626	7,136	7,694	7,517	8,116	8,116
Y/Y	*na*	*5.9%*	*7.7%*	*7.8%*	*-2.3%*	*8.0%*	*8.0%*
ICT Services	10,632	11,057	11,623	12,302	12,702	13,708	
Y/Y	*na*	*4.0%*	*5.1%*	*5.8%*	*3.3%*	*7.9%*	*7.6%*
Network Services	22,358	22,346	21,752	20,718	19,391	18,604	18,746
Content and digital ADV	9,622	10,360	11,156	12,093	12,526	13,598	13,616
Total Digital Market	**67,170**	**68,722**	**70,473**	**71,932**	**71,505**	**75,410**	**75,287**
Y/Y	*na*	*2.3%*	*2.5%*	*2.1%*	*-0.6%*	*5.5%*	*5.3%*

Source: Assinform, July 2022 (*) Assinform estimate in November 2021

For the three categories of interest, the Assinform taxonomy prepared by Netconsulting Cube provides a finer classification as follows.

- ✓ Within the SW/IT Solutions segment, in the year 2020 the System SW was the hardest hit with 9.5% Y/Y decline and reflected the activity freeze of many companies which stopped paying maintenance fees, the absence of new company openings (no demand of new licenses), the migration from "on-prem" licenses to SaaS models, the procrastination of modernization/renewal of SW solutions. This segment rebounded by 2.6% in 2021 to EUR 470m. The other subsegments, Middleware and Applications, last year were above the 2019 level, in particular the latter, that following -2.6% in 2020 jumped by 9% in 2021 to EUR 6.38bn.

- ✓ IT services continued in a positive trend even in 2020, and accelerated to a strong growth in 2021. Cloud was the main driver accounting for EUR 0.60bn Y/Y growth, vs. a total of EUR 0.4bn segment growth in 2020, and for EUR 0.83bn vs. EUR 0.97bn in 2021, and now accounts for 31% of IT Services. On the other hand, the traditional Data Center component (housing, hosting, back-up) was down by 2.7%. in 2020 and by 2.2% in 2021. The slight decline of ICT Outsourcing (-0.4%) in 2020 reflected the drop in TLC outsourcing and Call Center (-10.2%) while the IT outsourcing was up by 1.5%, despite competition from Cloud services, as the move to Hybrid Clouds involves keeping many activities within the outsourcing contract perimeter. In 2021 this subsegment was flattish (+0.2% Y/Y). System Integration was down by 1.7% in 2020 but rebounded by 3.8% last year.

- ✓ The Equipment segment was slightly up as well in 2020, despite the decline of the Enterprise and Specialized System subsegment, mainly thanks to the growth of "Home & Office Device" (4.8%, which accelerated to +28.2% in 2021). In turn, the latter was driven by the sales increase in TV sets (+EUR 0.18bn Y/Y in 2020, + EUR 0.68bn in 2021). Looking at the many sub-components of the equipment, we note presence of a relevant consumer segment, namely consoles, TVs, streaming devices and the broader category of personal communication.

✓ Excluding the above "consumer equipment" portion along with digital advertising & content and Communication Services (all the fixed and mobile telecom), **we estimate that the Italian business IT market was worth around EUR 30.2bn in 2020 (+0.2%) and closed 2021 with 6.7% growth to EUR 32.2bn**

✓ **By industry**, we compared in the graph below the growth rate of 2021 (y axis) against the growth rate of 2020. We note in 2020 the impact of Covid in the most affected sectors of travel and transportation and retail, but also in the large manufacturing sector, which had been a driver in 2019 with close to 5% growth (first impact of Industry 4.0). On the other hand, Central and local PA kept growing following the impact of "spending reviews" in the past few years. Sectors growing in both 2020 and 2021 also include Healthcare, Banks, Insurances, Utilities and Telcos (+0.5% in 2020). The Consumer Sector (not reported in the graph) as out of scale at EUR 31.4bn absolute value) grew by 2.3% in 2021 following -0.3% in 2020.

✓ **By size**, the 2020 figure highlight the resilience of large enterprises (defined as those with above 250 employees) which kept growing also amid the pandemic and returned to above 8% growth in 2021.

Italian ICT Services by Industry (Growth rate 2021 Y/Y vs. 2020 Y/Y)
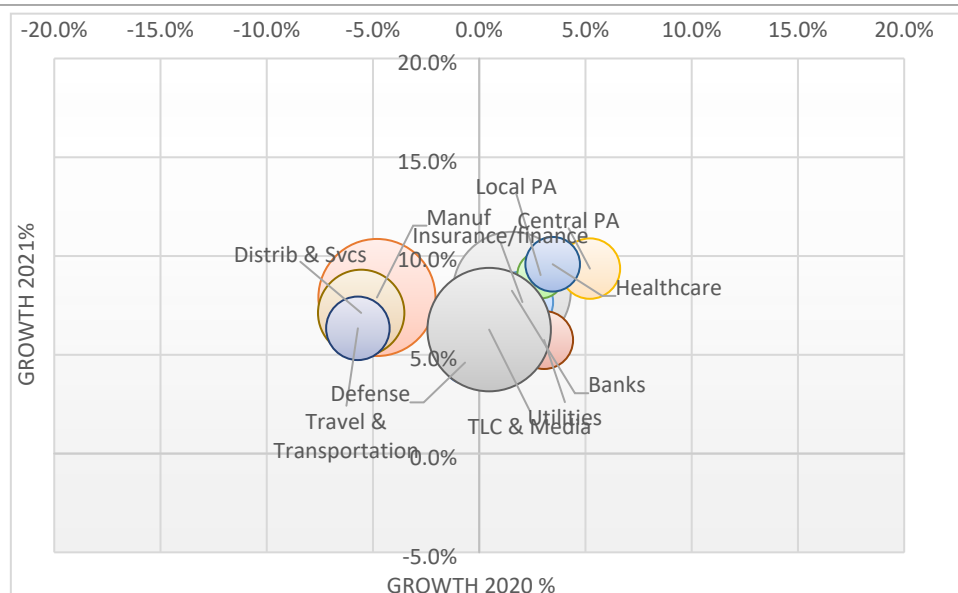
Italian business ICT by firm size 2019/21
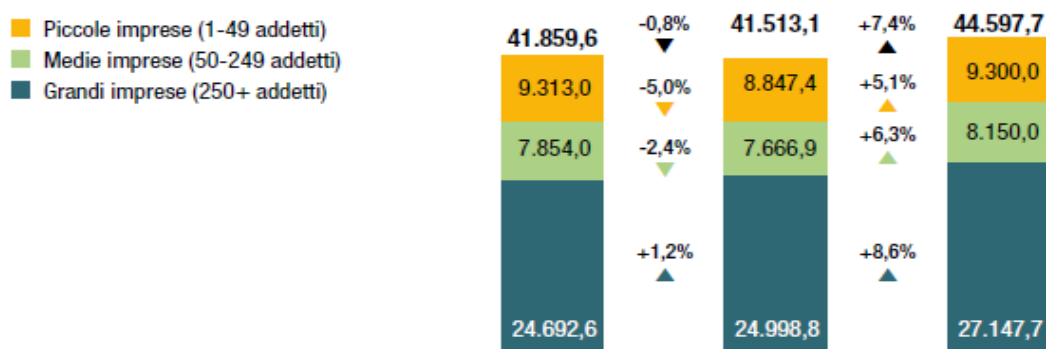
Source: Anitec-Assinform, July 2022

Slow concentration trends in a still fragmented market

The Italian market for SW&IT Services is still relatively fragmented, as emerges from the ranking (based on FY 2020 results) published by Data Manager on an annual basis. According to this analysis, the first 100 companies continue to account for 2/3 of total sector revenues since 2015 (60% back in 2012), however there has been a slow concentration trend at the top of the pyramid. Indeed, in 2012 there was only 1 company IBM) with above EUR 1bn turnover and further 3 with above EUR 500m, accounting for 41% of sector revenues; in 2015 the ratio was still below 40%, to increase to 53% in 2020 with 4 companies above EUR 1bn revenues and further 6 above EUR 500m.

It appears that size matters in ICT especially when dealing with customers such as large companies and public administrations, which usually utilize tender process to award important contracts. In the case of distributors, size is also important when dealing with big international vendors. The SW/IT ranking below includes international as well as domestic companies, from software vendors to system integrators and distributors. The first five players are Accenture, Microsoft Italia, IBM Italia, Gruppo Engineering, Gruppo Zucchetti, followed by Reply, Almaviva and the Italian subsidiaries of SAP, CapGemini and Oracle. In this market, Spindox ranks as the 57th player.

Looking at the specific IT Services market, Spindox is in the 43 position, slightly down Y/Y. We assume the revenue acceleration in 2021 could imply an improving ranking.

Italian IT services operators by revenues 2020

rank	Company	Revenues	rank	Company	Revenues	rank	Company	Revenues
1	Accenture (1)	1677.5	16	Gruppo Business Integration Partners (16)	126.0	31	Altea Federation (20)	71.02
2	Gruppo Engineering	957.8	17	Dedagroup (11)	126.0	32	Infocert (26)	70.67
3	IBM Italia (2)	864.0	18	Maggioli (17)	115.9	33	Horsa	67.85
4	Gruppo Reply	722.7	19	Fincons (18)	112.5	34	Microsoft Italia (3)	67.65
5	Gruppo Almaviva (5)	643.9	20	Gruppo Present	104.2	35	Ncr Italia	66.04
6	Capgemini Italia (6)	520.8	21	Aubay Italia (21)	103.8	36	Gft Italia (35)	66
7	Dxc Technology	432.3	22	Oracle Italia (7)	101.8	37	Gruppo Adp (34)	63.9
8	Gruppo Cedacri	302.4	23	Gruppo Scai (22)	99.5	38	Exprivia (14)	63.09
9	Gruppo Atos In Italia	292.5	24	Corvallis	96.2	39	Axians Italia (33)	59.05
10	Digital Value (8)	291.4	25	Sap Italia	93.45	40	Gruppo Teamsystem	56.73
11	Lutech (9)	189.2	26	Avanade Italy (23)	90.44	41	Elmec Informatica (36)	54.86
12	Maticmind (13)	169.6	27	Techedge (27)	85.7	42	Siemens Industry Software	54.17
13	Gruppo Zucchetti (4)	152.0	28	Sopra Steria Group	78.4	43	Spindox (40)	53
14	Minsait (15)	133.2	29	Everis Italia (31)	75.88	44	Alten Italia (41)	51.65
15	Var Group (12)	126.4	30	Gruppo Dgs (24)	73.36	45	Kirey	49.06

Source: Data Manager

According to Spindox, the **active competitors in the reference market** at national level can be divided into 3 macro categories:

- <u>large multinational companies</u>, organized to serve large customers and with an extensive and articulated organizational structure;

- <u>medium-large national companies</u> (or covering several European countries) that offer a wide range of consulting services (both in business and more specifically IT), system integration, software development, application maintenance, management of HW and SW infrastructures, covering wide market segments, and organized to address large customers;

- <u>smaller national companies</u>, generally in niche positions, which are focused on one or more specific market segments, such as specific verticals (eg finance) or technologies (eg Cybersecurity, Artificial Intelligence).

Spindox believes that the **competitive intensity in the sector is mainly driven**:

(i)   by the ever faster technological evolution, which emphasizes the continuous and constant search for innovation, in order to anticipate the trends that move the market and propose cutting-edge and highly competitive solutions;

(ii)   by the reputation and recognizability of the brand, both crucial elements for building a solid and consistent customer portfolio to be nurtured and consolidated over time.

Spindox's, management believes that **the key factors that can represent competitive advantages, can be identified as follows**:

<u>Solid and sustainable business model</u>. SPN has developed a solid, sustainable business model with excellent growth prospects, which guarantees the Company the possibility to invest in technology, achieving economies of scale without having a significant impact on the overall structure of operating costs. This feature allows the Company to stand out from other local players, often focused on specific verticals and / or product/sectors and with less effective management structures.

<u>Consolidated reputation</u>. SPN has built and consolidated over time a solid and influential reputation and brand recognition within its reference sector, thanks to the high quality of the services provided. The decision to maintain its ownership structure, choosing not to bind exclusively with the large sector operators, has allowed Spindox to operate in total autonomy, keeping its "digital soul", so as to be able to focus on quality and customization of solutions for customers. Thanks to these characteristics, SPN has been able to consolidate over the years a high-quality customer portfolio which, includes some of the Italian leaders in the Automotive, Banking, Telecommunications and Industry sectors.

<u>Cutting-edge technology</u>. The Issuer is characterized by an autonomous ability, the result of investments in specialized skills, to independently identify and propose to its customers solutions that on the one hand integrate advanced technologies and practices in the world of artificial intelligence and ICT. and on the other hand, they combine these technological needs with the business logic exposed and manifested by customers. Based on its culture based on continuous innovation and based on the future vision of the market, Spindox is able to anticipate the evolution of digital technologies, the contents of the services connected to them and the related user experience thanks to its innovation hub consisting of its technological factory (digital service lines) and its R&D activities. This factor has allowed the Group to increase the degree of loyalty of its customer base, nurturing and expanding it over time, especially towards those user sectors characterized by greater growth prospects.

Positive mid- term perspectives for the Italian ICT market

Italy used to have a gap against the top European countries in terms of IT spending on GDP, being as low as one third compared to that of the UK or half of that of Germany.

Most industry observers and research organizations agree that this gap is going to be significantly reduced and expect, after a more modest growth in a complex 2022, a robust and consistent growth for the Italian ICT market for the next few years.

IT spending 2020: international comparison
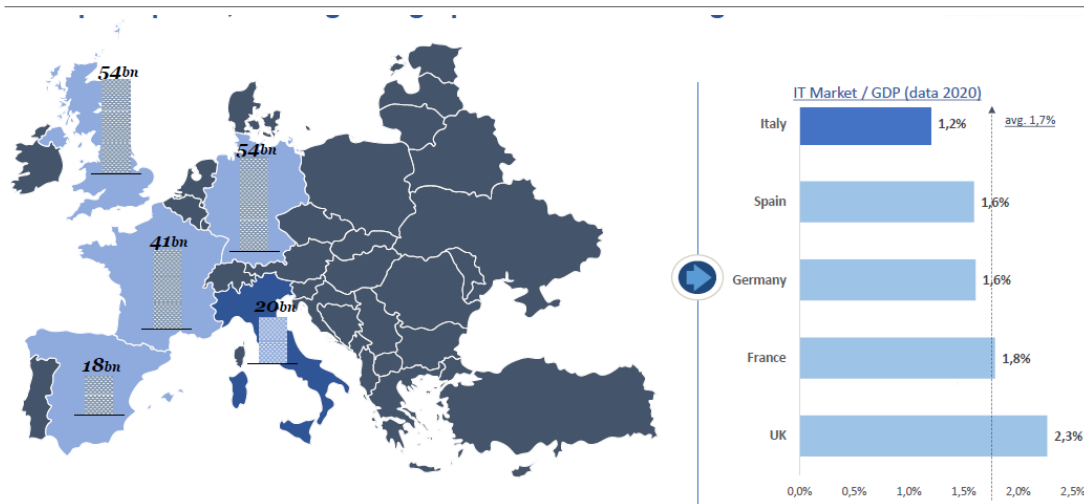
Source: SIRMI

There are **several drivers** conjuring to accelerated development of the sector, such as:

a) It is common view that the pandemic accelerated some ongoing trends within the Italian ICT adoption on behalf of enterprises, public administrations and consumers. The new models for working, learning and entertaining have achieved critical size or mass market adoption and are here to stay.

b) The deployment of ultra-broadband connections (fiber, 5G mobile and FWA) will provide the backbone for the digital business and digital society. FttH will pass most households in the next few years based on the plans of Open Fiber and Fiber Cop and 5G will cover above 90% plus of population by end-2025.

c) The National Recovery and Resilience Plan (PNRR) entails some EUR 49bn funds dedicated to the digital sector (see paragraph).

d) The "digital transition" is mutually supporting with the "green transition" which involves smart cities, smart metering, smart mobility etc all involving

e) The "digital enablers" (such IA, Cloud, IoT, cybersecurity) which have used to support the sector are due experience unrelenting growth even after achieving sizeable economic dimension.

f) Italian GDP is expected to grow by 2.5% in 2022 (source: OECD, revised in June 2022 from previous +4.1%) and by 1.2% (from +2.3%) in 2023 after an estimated 6.5% increase in 2021.

Italian ICT growth set to accelerate from lower than initially expected growth in 2022

In November 2021, with the release of H1 figures for the Italian ICT market, Assinform revised upwards its 2021 estimate (from EUR 74.0bn to EUR 75.4bn) and its growth forecasts for the following three years, from 4.0% to 5.0% CAGR 2021/24, to EUR 87.3bn in 2024.

These estimates were still based on an "as is scenario", excluding the positive impact of the National Recovery Fund (PNRR), ie EUR 49bn devoted to digital. The latter was then added on top according to two different scenarios, based on the effective utilization of 50% (pessimistic scenario) vs. 100% (optimistic scenario) of the annual funds estimated to be released in 2021/24. The pessimistic scenario assumed that released funds would amount to EUR 14.6bn in 2021/24 and EUR 20.5bn in total to 2026. The optimistic scenario sees funds of EUR 29.2bn and EUR 41.1bn (as mentioned above) respectively.

Italian November 2021 digital market estimates: w/PNRR scenarios
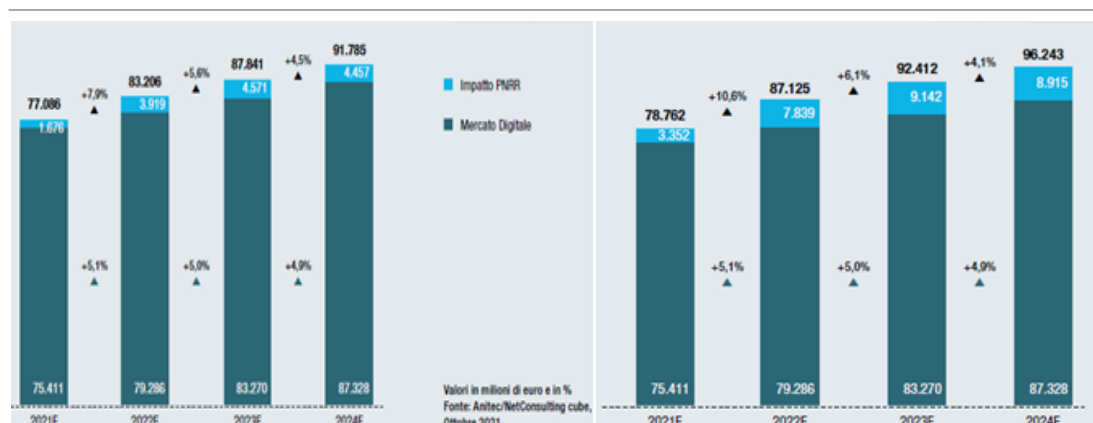
Source: Assinform, November 2021

With the July 2022 report, Assinform acknowledged the complex conditions characterizing the final part of 2021 and the whole H1 2022, taking into account the cost increases in energy and raw materials, the shortage of chips and other components, in turn affected by Covid resurgence and lock downs and the further uncertainty from an ongoing war in Europe. Adding a shortage and a gap in digital skills, and lower/slower than expected implementation of PNRR especially for SMEs, the result is that 2022 is now seen growing at a 3.6% pace, from previous 7.9/10.6% with PNRR. In the following years, the growth is due to accelerate to +4.2%, +5.7% and +6.3% respectively. In any case, Assinform is now expecting the EUR 91bn "pessimist scenario" level originally in sight for 2024, to be reached one year later.

Italian digital market NEW estimates

GDM - DATI IN MLN€	2019	2020	2021	2022E	2023E	2024E	2025E	20/19	21/20	22E/21	23E/22E	24E/23E	25E/24E	TCMA 21/25
Dispositivi e sistemi	19.124,9	19.368,0	21.137,5	21.923,2	22.331,6	23.553,7	24.772,4	1,3%	9,1%	3,7%	1,9%	5,5%	5,2%	4,0%
Software e soluzioni ICT	7.694,4	7.517,1	8.115,8	8.533,3	9.069,7	9.671,8	10.316,6	-2,3%	8,0%	5,1%	6,3%	6,6%	6,7%	6,2%
Servizi ICT	12.302,0	12.701,9	13.672,4	14.552,7	15.922,0	17.637,5	19.779,7	3,3%	7,6%	6,4%	9,4%	10,8%	12,1%	9,7%
Servizi di rete	20.718,3	19.391,4	18.745,5	18.362,2	18.251,7	18.322,4	18.686,8	-6,4%	-3,3%	-2,0%	-0,6%	0,4%	2,0%	-0,1%
Contenuti e pubblicità digitale	12.092,5	12.526,0	13.615,8	14.608,6	15.656,5	16.669,9	17.688,5	3,6%	8,7%	7,3%	7,2%	6,5%	6,1%	6,8%
Totale mercato GDM	71.932,1	71.504,5	75.287,0	77.980,0	81.231,5	85.885,2	91.243,9	-0,6%	5,3%	3,6%	4,2%	5,7%	6,3%	4,9%

Source: Assinform, July 2022

We note that Network Services should continue to decrease until 2023, while the subsequent modest growth should bring them back to the 2021 level. Excluding this component and the digital advertising & content, the 2021/25 CAGR is 6.3%. The fastest growing segment is ICT services, which should benefit from a recovery of application development projects and system integration, driven by digitalization and re-platforming projects and containerization to support cloud migration. The SW component should reflect increasing sales of servers and upgrades to the new OS Windows 11 Pro and increasing purchases of middleware and application SW dedicated to e-commerce and IoT for Industry 4.0. Following +9% in 2021, the equipment segment should slow down in 2022 and 2023, due to the expected decline in PC and smartphones, and then recovery to mid-single digit growth in 2024 and 2025.

The **"Digital Enablers" and "Digital Transformers"** are well positioned to continue driving IT sector growth with mid-teens growth estimate for the foreseeable future.

Italian market estimates 2021/24, "Digital Enablers" vs. ICT vs. Digital Mkt
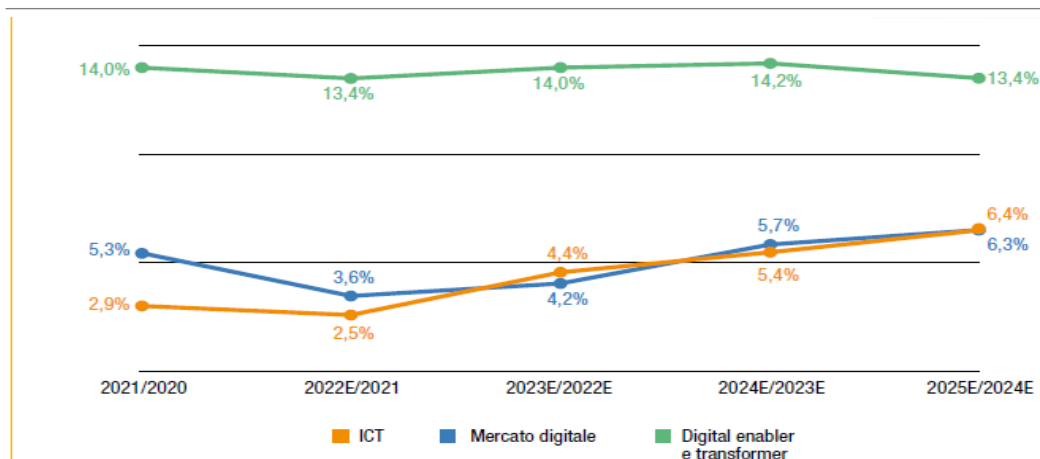
Source: Assinform, July 2022

The Cloud segment, having reached a size of EUR 4.2bn in 2021, should increase by above 20% per annum (upgraded from a previous estimate of around 15% CAGR) throughout the period, reaching EUR 8bn size in 2024 and EUR 9.7bn in the following year. Cloud is on par with Blockchain (which will in any case remain very modest in absolute value even in 2025) and takes over AI, whose CAGR is now estimated at c 15% from previous 20%+. Security is the third fastest growth with 16% CAGR (revised slightly upwards), reaching EUR 2.5bn in 2025. IoT, which was the only "enabler" to suffer the pandemic in 2020 should benefit from Industry 4.0 projects (growth estimates revised from high single digit to double-digit CAGR).

Italian ICT market estimates 2021/25, "Digital Enablers"

VALORI IN MILIONI DI EURO	2019	2020	2021	2022E	2023E	2024E	2025E	20/19	21/20	22E/21	23E/22E	24E/23E	25E/24E
IoT	3.500,5	3.392,6	3.730,0	3.995,8	4.375,8	4.823,1	5.320,5	-3,1%	9,9%	7,1%	9,5%	10,2%	10,3%
CyberSecurity	1.136,5	1.238,5	1.394,8	1.593,2	1.856,5	2.170,7	2.525,1	9,0%	12,6%	14,2%	16,5%	16,9%	16,3%
Cloud	2.830,4	3.408,5	4.240,0	5.237,0	6.472,8	7.984,7	9.680,5	20,4%	24,4%	23,5%	23,6%	23,4%	21,2%
Big Data	1.059,7	1.152,0	1.329,6	1.524,1	1.733,1	1.959,3	2.185,4	8,7%	15,4%	14,6%	13,7%	13,0%	11,5%
Piattaforme per la gestione Web	479,3	527,0	603,0	673,9	740,5	802,5	859,6	10,0%	14,4%	11,8%	9,9%	8,4%	7,1%
Mobile business	4.144,5	4.326,0	4.692,9	5.100,3	5.507,5	5.915,8	6.311,6	4,4%	8,5%	8,7%	8,0%	7,4%	6,7%
AI/Cognitive	215,0	250,0	328,6	421,7	514,1	607,7	701,2	16,3%	31,5%	28,3%	21,9%	18,2%	15,4%
Wearable Technology	642,4	699,7	771,3	828,4	885,6	942,8	1.000,0	8,9%	10,2%	7,4%	6,9%	6,5%	6,1%
Blockchain	22,0	26,0	33,2	42,5	55,0	70,0	85,0	18,2%	27,6%	28,1%	29,4%	27,3%	21,4%
TOTALE	14.030,2	15.020,3	17.123,5	19.416,9	22.140,9	25.276,4	28.668,9	7,1%	14,0%	13,4%	14,0%	14,2%	13,4%

Source: Assinform, July 2022

By vertical, we observe compared to the previous assessment, some significant changes in estimates and more variability across the sectors. In particular, the local and central PA sectors are now seen growing at a CAGR of 16% and 14.6% to 2025, whereas previous estimates pointed to 6.4% and 6.8% respectively to 2025. Compared to the November 2021 update, the upgrade for 2024 estimates are 28.1% and 24.6% respectively, suggesting that public administration will be by far the main beneficiary of the PNRR funds. Healthcare is the other sector experiencing a significant upgrade (18% increase in 2024 estimate), now expected to grow at 11% CAR 21/25 from previous +5.7% 2020/24. Telecommunication is, and will remain, the largest sector with slight increase (+2.5%) in 2024 estimate, posting a 5.3% 4Y CAGR. Manufacturing is the second largest and its growth path is basically confirmed. The growth perspectives of Defense (+6.1% CAGR) have been increased, with a 10% upgrade on 2024. Banks is the third largest vertical; it was resilient in the pandemic (+1.5% in 2020) and is due to experience 6.9% 4Y CAGR. With the ongoing process of bank branches reduction and physical limits related to the pandemic, banks have accelerated the digital transition, strengthening the on-line channels, mobile banking applications and Data platforms, in turn triggering Cybersecurity projects.

Italian ICT market estimates by INDUSTRY

VALORI IN MILIONI DI EURO	2019	2020	2021	2022E	2023E	2024E	2025E	20/19	21/20	22E/21	23E/22E	24E/23E	25E/24E	TCMA 21/25
Industria	8.308,8	7.909,1	8.533,9	8.886,4	9.493,9	10.153,9	10.923,7	-4,8%	7,9%	4,1%	6,8%	7,0%	7,6%	6,4%
Banche	7.867,8	7.989,3	8.647,4	9.158,6	9.798,5	10.500,2	11.284,3	1,5%	8,2%	5,9%	7,0%	7,2%	7,5%	6,9%
Assicurazioni e finanziarie	2.116,0	2.159,1	2.324,6	2.419,3	2.554,4	2.715,4	2.908,7	2,0%	7,7%	4,1%	5,6%	6,3%	7,1%	5,8%
PAC	1.958,1	2.060,0	2.252,9	2.500,0	2.890,0	3.350,3	3.880,0	5,2%	9,4%	11,0%	15,6%	15,9%	15,8%	14,6%
Difesa	1.049,3	1.041,8	1.090,0	1.150,0	1.215,0	1.290,0	1.380,0	-0,7%	4,6%	5,5%	5,7%	6,2%	7,0%	6,1%
Enti locali	1.210,8	1.246,2	1.358,6	1.500,0	1.750,0	2.050,0	2.460,0	2,9%	9,0%	10,4%	16,7%	17,1%	20,0%	16,0%
Sanità	1.649,4	1.706,4	1.869,5	2.022,4	2.250,4	2.522,0	2.833,8	3,5%	9,6%	8,2%	11,3%	12,1%	12,4%	11,0%
Utilities	1.867,1	1.924,2	2.034,6	2.079,3	2.175,2	2.287,0	2.420,0	3,1%	5,7%	2,2%	4,6%	5,1%	5,8%	4,4%
Telecomunicazioni & Media	8.774,1	8.815,3	9.368,2	9.760,2	10.160,7	10.760,4	11.503,6	0,5%	6,3%	4,2%	4,1%	5,9%	6,9%	5,3%
Distribuzione e Servizi	4.554,2	4.301,0	4.607,3	4.722,7	4.973,9	5.260,6	5.594,1	-5,6%	7,1%	2,5%	5,3%	5,8%	6,3%	5,0%
Travel & Transportation	2.504,1	2.360,6	2.510,7	2.620,9	2.754,6	2.906,2	3.100,0	-5,7%	6,4%	4,4%	5,1%	5,5%	6,7%	5,4%
Consumer	30.072,4	29.991,5	30.689,3	31.535,2	32.449,9	33.462,1	34.544,3	-0,3%	2,3%	1,5%	0,2%	2,7%	2,8%	1,8%
TOTALE MERCATO DIGITALE	71.932,1	71.504,5	75.287,0	77.980,0	81.231,5	85.855,2	91.243,9	-0,6%	5,3%	3,6%	4,2%	5,7%	6,4%	4,9%
Mercato Digitale Business	41.859,6	41.513,1	44.597,7	46.819,8	50.016,7	53.796,1	58.288,1	-0,8%	7,4%	5,0%	6,8%	7,6%	8,4%	6,9%

Source: Assinform, July 2022

A glimpse on Artificial Intelligence

Artificial Intelligence (AI) is "the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings", i.e. digital systems that are able to reproduce some of the intellectual characteristics of humans, "such as the ability to reason, discover meaning, generalize, or learn from past experience". As such, AI development is closely linked to machine learning (e.g. through the so-called "neural networks"), which consists of algorithms that can be "self-programmed" and self-optimized, thereby "learning" to do something they were not meant to.

Over the last few years, AI development has picked up, mainly thanks to the **increased availability of historical datasets** (as many machine learning techniques rely on statistical analysis), the **lower computational costs** and the **faster communication speed**. The application of AI-powered solutions has been growing constantly and across all sectors, in particular healthcare, retail, manufacturing, advertising & media and financial services.

The AI Observatory of the Politecnico of Milan identifies eight main uses:

1) **Intelligent data processing**, algorithms that can identify patterns of historical data, and are thus able to do predictive analysis or fraud detection.

2) **Virtual assistant/chatbot**, software applications that perform some tasks, or provide services by interpreting text or voice messages; they are mainly used as a customer care service, which can filter and record data autonomously.

3) **Recommendation**, mainly used as a marketing tool to influence the "customer journey"; the AI bot can collect data (including reviews, previous purchases, social network interactions, etc.) and suggest products consistently with the "detected" customer tastes.

4) **Image processing**, i.e. software that can process low-definition pictures and videos, to transform them into high-definition images, or "learn" to recognize objects and patterns; image processing tools are often employed to improve the accuracy of video surveillance systems.

5) **Intelligent objects**, i.e. objects that can perform tasks without human intervention, by analyzing data collected from the surrounding environment and thus "make a decision" consistently.

6) **Language processing**, mainly to understand and translate texts.

7) **Autonomous vehicle**.

8) **Autonomous robot**.

According to IDC, global spending on AI will grow by nearly 20% Y/Y in 2022, in line with the CAGR expected over the estimates on the 2020/24 period published before the pandemic (20.1% CAGR), thus flagging a strong, unrelenting demand for these solutions as the next "major wave of innovation".

In particular, **AI Platforms are expected to perform the best in the next few years, with a CAGR of nearly 35%.**

Based on the verticals, the **banking** and **retail sectors** are expected to invest the most. Recommendation engines and chatbots will drive the growth of retailers' investment, in order to improve the customer experience; financial institutions and banks will implement fraud analysis and investigation tools, as well as recommendation systems and program advisors.

Worldwide AI Software Forecast (2021/25)
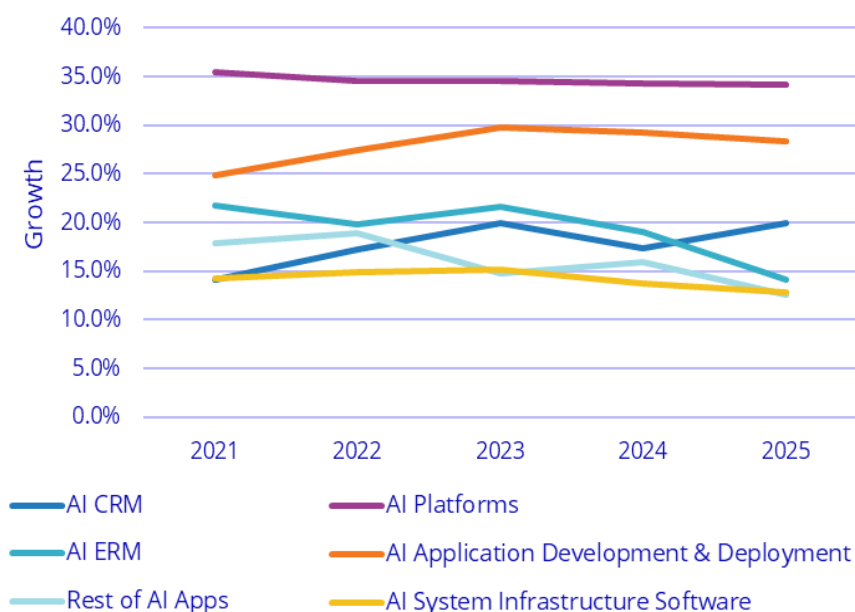
Source: IDC

As regards **Italy**, the 2022 report on the AI market stated that the market value stood at c. EUR 380m at the end of FY 2021, **growing by 27% Y/Y and almost two-fold in the last two years**. Intelligent Data Processing drives the market, as it accounted for 35% of the total investments and grew by 32% vs. 2020.

Italian AI market by segment (2021)
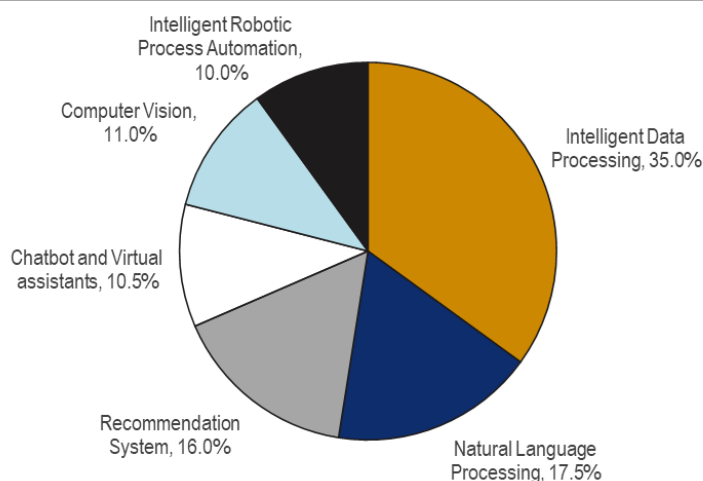
Source: 2022 AI Observatory

The 2022 report also highlighted that larger corporations drive most of the investments, since 59% of them (up by 6pp vs. 2020) have started or put in place AI projects, while SMEs are lagging behind (only 6% of them have launched such initiatives, most of them as an experimental project). More in depth, only 13% (-9pp vs. 2020) of large companies has not launched pilot projects yet, whereas 18% (+5pp Y/Y) have started experimenting AI tools. According to survey, small increases were also recorded among companies that have already got a fully operating AI project (41%, +1pp Y/Y) and are considering starting a new initiative (27%, +2pp Y/Y).

Strategy

The management sets out in the IPO offering document the main strategic guidelines underpinning the company's growth strategy in 2021/23, which include organic growth in the domestic market, growth via M&A, consolidation in the traditional historical verticals and increased coverage of the most promising ones.

Organic Growth

The Company's objectives in the three-year period 2021/23 will be driven by the continuous search for innovation and cutting-edge solutions that will help it maintain a distinctive positioning within the domestic market. In particular, the main actions are:

- ✓ Investments in the most innovative technological areas and in particular on Artificial Intelligence and on the evolution and improvement of the suite of proprietary vertical solutions "Ublique ©". SPN will also strengthen and sharpen its research centers Spindox Labs S.r.l. and Head Research ETS in the field of artificial intelligence;
- ✓ investments in training of resources and organization of the "Academies" and in internal recruiting activities;
- ✓ distinctive positioning of the consulting offer, developing the Bixuit and Dogix brands.

Acquisitions

The company has made two deals so far (see below), ACT in 2020 and Plan Soft at the end of last year after the IPO, and intends to continue growing also via M&A. The M&A strategy involves:

- ✓ Targeting companies with a strong technological vocation, initially in the domestic market only and, from 2023, potentially also abroad.
- ✓ Targeting vertical sectors which are currently uncovered/under-covered and which can allow to widen further the service offering.
- ✓ Scrupulous analysis of potential targets looking for cost synergies to secure the profitability targets of the company.

Consolidation in the traditional historical verticals and increased coverage of the most promising ones.

- ✓ - consolidate its presence in sectors such as Telecommunications and Automotive, where it boasts historical partnerships with the main Italian operators and for which it intends through further investments, to cover a larger shares of its customers' IT budgets.
- ✓ - increase the focus on sectors that need a specific digital transformation process such as the Banking & Insurance and Energy sectors. SPN management expects an acceleration of the digitalization trends of the banking industry, which will result (i) in the growing virtualization of the workforce and in the adoption of flexible operating models (so-called smart working), (ii) in greater attention the safety of systems and processes, (iii) the proliferation of new operators, almost always connected to each other within large "open" ecosystems. In addition, in the perspective of a reduction in operating costs, the possible adoption of the cloud model also by the banking industry. In this regard, Spindox expects to be able to increase its importance on the market thanks to a consolidated partnership with the main cloud infrastructure providers (AWS, Azure, Google);
- ✓ - increase its presence in the large-scale retail trade and logistics sector, exploiting the potential and capabilities of the Ublique © platform.

M&A activity

The company has made two deals so far (see below), ACT Technology in 2020 and Plan Soft at the end of last year after the IPO.

ACT technology foundational for the AI practice

On July 27, 2020, SPN finalized the acquisition of the industrial activities of Roma-based Act Operations Research S.r.l, which was renamed Act Technologies.

Activity. Act technology is an Italian company, with international ambitions (having offices in London, Charlotte in the US and Barcelona), specialized in solutions based on decision science and control theory (AI, predictive & prescriptive analytics, simulation) which help organizations to optimize their performances and reduce cost in processes and complex systems. The covered applications include: i) revenue management and price/promotions optimization; ii) inventory and replenishment optimization; iii) simulation and optimization of the supply chain; iv) process planning and scheduling; v) workforce management.

Rationale. SPN basically acquired a "product company" which involves "Boomy Decision", a powerful framework for the configuration of analytical and vertical applications designed to improve productivity, revenues, risk profiles and the performance of processes and systems. In 2018 Bloomy was finalist of the Franz Edelman Award, the most prestigious international award in the field of operations research, established by Informs.org, an organization that promotes worldwide the decision-making sciences. The deal allows SPN to strengthen its position in the AI techniques, in the domains of dynamic simulation and predictive models, on which the company has been already working on its internal research hubs. SPN also acquires new important clients in the sectors of retail, fashion, logistics, travel and manufacturing.

Economics. In FY 2019, Act generated EUR 2m revenues and EUR 0.5m EBITDA.

Price and terms of the deal. The deal price was EUR 3.07m, of which EUR 2.6m equity paid with cash and EUR 800K in SPN (still unlisted) shares. There are no earn-outs. Act was merged into Spindox in 2020.

Economic and financial impact. There was no meaningful revenue impact on 2020 revenues or margins, while the cash out is reflected in the year-end NFP. We understand that most the revenues spike in the AI segment (from EUR 2.1m in FY 2020 to EUR 4.7m last year) was due to the deal. The acquisition generated a goodwill of EUR 2.03m which according to Italian GAAP is amortized in 15 years (EUR 135K pa).

Plan Soft acquisition to enter the Pharma sector

In November 2021, SPN finalized the acquisition of the Italian IT services company Plan Soft SRL, the main characteristics of the deal include:

Activity. Plan Soft, is an IT company based in Florence with a portfolio of major Italian and foreign clients in the Pharma sector. Plan Soft is a well-established operator in the field of consultancy and software development in the Tuscan context, with a significant presence especially in the sectors of large-scale distribution and the pharmaceutical industry where it generates around 40% of its revenues. Plan Soft's skills range from the world of analytics to that of cloud computing, covering the main software development technologies: .Net, Java, embedded (Yocto and Buildroot) and hybrid and native mobile (Xamarin, Flutter, Cordova, React, Android and Swift).

Rationale. The acquisition complies with two goals consistent with Spindox's business development strategy: namely i) to extend the presence in industrial sectors with significant growth prospects (in this case, the pharmaceutical sector), and ii) to strengthen the geographical coverage in regions not currently covered (in this case, Tuscany). The integration of Plan Soft's skills will also allow Spindox to increase its capacity to deliver services in some highly requested areas, such as those of mobile technologies and cloud infrastructures. The management committed to remain with Spindox.

Economics. In FY 2020, Plan Soft generated EUR 6.19m revenues, EUR 1.02m EBITDA, EUR 0.97m EBIT and EUR 0.68m net income. The book value was EUR 2.20m, net debt EUR 2.09m.

Deal Value is EUR 8.0m which includes EUR 2.18m net cash position of the target. The real estate assets included in the deal (EUR 1.52m value) have been already purchased back by Plan Soft holding at the fair value (neutral impact). Therefore, the total to be paid is EUR 9,685K according to the following schedule: i) EUR 3,560K paid on the signing of the deal; ii) b) EUR 1.955K paid at the closing date (Dec 2021); ii) EUR 2,170K to be paid by 15 January 2023; iv) EUR 2,000K to be paid by 15 Jan 2024. Potential adjustments include earn-out and claw back related to FY 2022 revenues vss. 2019/2020 average. PS sellers are entitled to receive any positive revenue gap above 10% with a cap of EUR 300K, or on the contrary will have to pay back a negative gap above 10% without cap.

Deal terms. Spindox acquired 100% of the capital including 70% from a holding company related to the family of the founder and 30% from a group of managers.

Economic/financial impact. SPN consolidated PS for few weeks in FY 2021, with estimated impact below 5% of annual revenues. For FY 2022, the contribution to the top-line should be close to 10pp. The deal is also accretive on profitability, with 80bp positive impact on aggregated EBITDA margin (8.7% FY 2021 proforma). SPN paid for the deal with the EUR 6.5m net proceeds from the IPO; the related residual debt is totally included in the December 2021 net financial position. SPN booked SP among financial asset for a value of EUR 10m including EUR 0.3m M&A related charges.

TMLab acquisition to enter the Salesforce ecosystem

On April 22, 2022, SPN announced the closing of the acquisition of 51% in Roma-based TMLAB; specialized in Salesforce.

Activity. TMLAB designs, develops and integrates solutions and services related to the Salesforce.com platform, of which is a qualified specialist and consulting partner.

Rationale. SPN will widen its offer with the component related to the Salesforce ecosystem, the world's number one cloud platform for process management marketing, sales, e-commerce and customer service.

Economics. In FY 2021 TMLab generated EUR925K turnover (+112% Y/Y), EUR240K EBITDA (25.9% margin), EUR 171K net income. Shareholder's equity at the end of last year was EUR 279K, NFP neutral after planned reserve distribution to current shareholders.

Deal value and terms. SPN acquired 51% of the capital for EUR 1.2m cash at the closing date. There are no earn-out provisions. The TMLab management will keep a 49% stake for the time being. The agreement also includes for the next five years i) a lock-up period for minority shareholders, after that SPN will have a pre-emptive right on a potential sale; ii) minority shareholders have a co-sale agreement should SPN sell its stake. After the five-year period, the minority shareholders will have for another five-year period, a put option right on their stake, to be exercised at a "fair market value" independently assessed by a third party.

Economic/financial impact. The contribution to FY 2022 sales growth could be 1pp, the margin accretion on a pro-forma basis is around 25bp. The EUR 1.2m cash outflow should be absorbed by organic cash flow generation in FY 2022. The deal should generate a goodwill of around EUR 1m.

SWOT analysis

Strengths:

- ✓ Consolidated know-how and integrated offer of products and services

- ✓ Approach to sectors that need a specific digital transformation path: Banking & Insurance and Energy

- ✓ Proprietary AI platform "Ublique©"

- ✓ Growing and "green" business, supported by strong public investments in Italy

Weaknesses:

- ✓ Low operating leverage, labour-intensive business

- ✓ Smaller size than its competitors

Opportunities:

- ✓ Exponential development of the AI Technology business line through Spindox Labs and aHead Research ETS

- ✓ Growth in the markets inherited from the purchase of the ACT industrial branch: GDO and Logistics

- ✓ Strengthening and specialization in R&D

- ✓ Business consolidation through M&A activities

- ✓ Growth in emerging markets

Threats:

- ✓ High degree of competition in IT services and consulting

- ✓ Increase in the country risk

- ✓ Bigger international and Italian competitors currently operating

- ✓ R&D crucial to preserve the competitive positioning

Financial analysis

SPN reports under Italian GAAP on a stand-alone basis. The first acquired company ACT Technology was merged into Spindox on the acquisition date. Following the purchase of Plan Soft we expect SPN to publish a consolidated report from FY 2022.

SPN: Revenues and EBITDA since foundation
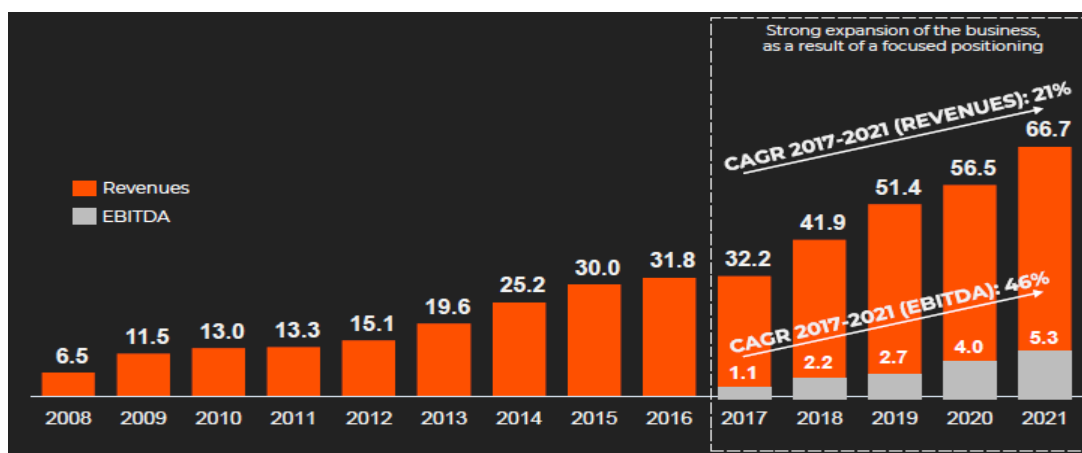
Source: Company Data, Banca Akros estimates

REVENUE ANALYSIS

Growth. SPN's revenues grew by a 17.5% ten-year CAGR to FY 2021, mostly on organic basis. We estimate the M&A contribution (ACT) accounted for less than 4pp in FY 2020 and below 2pp in 2021. There was no year of negative growth, the weakest performances were FY 2017 (+1.3%) and FY 2020 (+9.5%, of which we estimate c 5.5% organic).

Revenues by business unit. The main lines of analysis of SPN's revenues are by Line of Business, customer industry and geographical areas. The company has started to disclose the divisional break-down from FY 2018 accounts. The IA line has been built after the acquisition of ACT in 2020, therefore it posted the largest growth in FY 2021. IT Services, the largest business unit, experienced a 20.5% revenue CAGR in the past three years, while Consulting grew by an average 13.7% per annum in 2018/21, and Network Services declined by 11.8% pa (including -26% in 2019 and broadly stable last year).

Be: Revenues by SBU
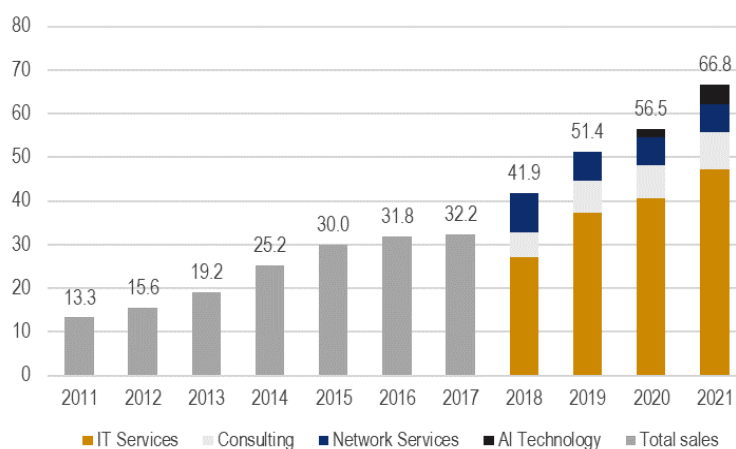
Source: Company Data, Banca Akros estimates

Geography. SPN works with Italian clients, therefore most of its revenues (92% in FY 2021 and on average in the past five years) are generated in Italy. International revenues are mainly related to international subsidiaries of Italian multinational companies and to the Ublique platform marketed by a Swiss subsidiary. Indeed, non-UE sales accounted for between 2.5/3.5% of FY 2017/21 revenues and were generated in Switzerland and the US.

By vertical (see chapter). SPN generates most of its revenues in the automotive (23.4% of FY 2020 revenues) and Telco (18.6% in IT services, 15.7% in networks), followed by finance (14.4%) Energy/Utilities (9.4%) and Retail (7.6%). With the acquisition of Plan Soft, Pharma should become a relevant vertical for the company from FY 2022.

Seasonality. The SW and IT service is generally characterized by a revenue concentration in the last quarter of the year (when clients exhaust their IT budget) and in Q2, while Q1 and Q3 (especially in Italy) are usually lighter. For SPN, Q4 2021 and 2020 accounted for 26.5% and 27.5% of annual revenues respectively, Q3 for 23.4% in both years.

COST ANALYSIS

In the FY 2016/2021 period, SPN delivered a 16% CAGR in sales, 23.5% in EBITDA and 24.9% in EBIT. The bottom line, which has been consistently positive in the past 10 years, is three times that of 2016.

SPN FY 2016/21 accounts (EUR m)

(EUR m)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Sales	**31.8**	**32.2**	**41.9**	**51.4**	**56.5**	**66.8**
IT Services	na	na	27.0	37.4	40.5	47.2
Consulting	na	na	5.87	7.30	7.68	8.64
Network Services	na	na	9.02	6.66	6.25	6.19
AI Technology	na	na	-	-	2.07	4.71
Other revenues	0.95	0.93	0.71	1.04	0.85	1.04
Total Turnover	**32.7**	**33.2**	**42.7**	**52.4**	**57.4**	**67.8**
Labour cost	(21.0)	(22.8)	(28.2)	(35.0)	(36.7)	(39.9)
Other Opex	(9.92)	(9.22)	(12.3)	(14.7)	(16.6)	(22.6)
EBITDA	**1.85**	**1.16**	**2.20**	**2.71**	**4.09**	**5.32**
Margin	*5.6%*	*3.5%*	*5.1%*	*5.2%*	*7.1%*	*7.8%*
EBITA	**1.42**	**0.51**	**1.31**	**1.60**	**3.04**	**4.23**
Margin	*4.3%*	*1.5%*	*3.1%*	*3.0%*	*5.3%*	*6.2%*
Goodwill amortization	(0.12)	(0.12)	(0.12)	(0.12)	(0.13)	(0.25)
EBIT	**1.31**	**0.39**	**1.19**	**1.48**	**2.91**	**3.98**
Margin	*4.0%*	*1.2%*	*2.8%*	*2.8%*	*5.1%*	*5.9%*
Net financial charges	(0.05)	(0.12)	(0.22)	(0.33)	(0.39)	(0.33)
EBT	1.26	0.27	0.97	1.15	2.52	3.65
Taxes	(0.44)	(0.15)	(0.42)	(0.41)	(1.01)	(0.98)
Net Income	**0.82**	**0.12**	**0.55**	**0.74**	**1.51**	**2.66**

Source: Company Data, Banca Akros estimates

The cost base clearly reflects the labour-intensive nature of the activity; labour costs have historically accounted for 50% (FY 2011) to 78% (FY 2013) of revenues in the past 10 years, with an average of 63.2%. The average unitary cost is broadly in line with the industry (see paragraph). We highlight that SPN does not capitalize labour cost related to M&A activities. The number of SPN employees doubled in 2016/21, slightly below the revenue increase (2.1x) of the past five years. The productivity ratio went down in 2017 as revenue growth stalled in the year but in 2021 it was almost 5% higher than in 2020. Other personnel-related expenses were EUR 2.46m (EUR 2.20m in 2020) include hiring/training (EUR 0.48/0.30m), tickets (EUR 1.09/0.96m) and travelling (EUR 0.32/0.35m).

Like virtually every other IT services company, SPN utilizes, on its projects, external personnel and outsourcing, on an individual as well as company basis. In its non-financial annual report, SPN disclosed that the contribution on total man-hours was 15.1% in 2020, 16.0% in 2019 and 16.2% in 2018. We understand the second-largest cost item, external consulting (20.9% of FY 2021 revenues, vs. 14.9% in 2020) is mainly related to this activity. As a reference, for Reply this ratio has ranged between 21% and 23% in the past five years while for BE it has increased from 24/25% of 2017/2018 to almost 33% in FY 2020 and 2021.

Other relevant cost items included internet connections (EUR 0.86m in FY 2021, EUR 0.96m in 2020), software fees (EUR 0.94/1.03m) and rents (EUR 1.16/1.18m for offices, cars and other equipment).

Marketing costs as reported by the company are almost negligible at below 0.3% of sales in FY 2021 and 0.1% in 2020.

The rest (EUR 4.60/4.48m respectively) are mainly administrative and fixed G&A costs (including utilities, insurance/financial costs, cars etc).

The average EBITDA margin of the company was 5.2% in the 2012/2019 period, with a low of 3.5% in FY 2017 (the year in which the company's revenue were flattish) and a peak of 6.5% in 2015. Profitability increased in the following two years:

In FY 2020, EBITDA margin increased by 210bp Y/Y; 140bp are related to higher gross margin generated by the AI Technology revenue line and increased contribution of structurally more profitable sectors such a banking & insurance. Scale economies generated further 70bp margin growth.

In FY 2021, EBITDA margin increased by further 70bp, again thanks to the above two drivers which contributed 50bp and 20bp respectively.

The company does not report exceptional items in the EBITDA and there is no "adjusted" figure. According to Italian GAAP, leasing and rent are included as "above the line" cost items.

As it operates an "asset-light" business model, D&A included a modest depreciation of tangible assets (EUR 0.8m normal level).

The amortization of intangibles such as acquired licenses or internally generated platforms was in the range of EUR 0.3/0.4m.

Based on Italian principles, SPN amortizes the goodwill generated with the reverse merger with Hoock in 2014 (EUR 115K per annum) as well as the one created with the ACT deal (EUR 135K).

BALANCE SHEET ANALYSIS

As a services company, SPN carries limited tangible assets; the figure in FY 2021 included EUR 0.46m in company cars, EUR 0.49m in computers and EUR 0.19m in mobile phones and EUR 0.16m in office furniture. We note the company is investing in cars less than the relative amortization, as the asset was worth EUR 1.29m at the end of FY 2019.

Goodwill accounted for 13% of fixed assets in FY 2021 (37% in 2020) including EUR 0.34m out of the EUR 1.15m generated with the reverse merger with Hoock in 2014 and EUR 1.89m out of EUR 2.04m coming from the acquisition of ACT in 2020. The acquisition of Plan Soft at the end of 2021 did not generate a goodwill entry, rather it was booked among financial participations for a total amount of EUR 10m including EUR 0.3m related charges. Together with proper goodwill, this item accounts for 79% of FY 2021 fixed assets. The company does not perform annual impairment tests and amortizes the goodwill in 10 years (Hoock) and 15 years (ACT). Since SPN does not capitalize development costs, there are negligible other intangible assets; the increase in FY 2021 is totally related to the capitalization of EUR 1.0m listing cost.

Financial assets are entirely linked to subsidiaries, as they include the book value of stakes and short-term loans. The main movements in financial holdings involved the incorporation of Spindox North America in March 2016 (EUR 277K), the waiver of credits in favour of Spindox Labs in 2017 (EUR 17K), and, in 2020, the incorporation of Spindox AG in Switzerland (EUR 373K), Spindox Spagna in Spain (EUR 9K) and Spindox Ltd in the UK (EUR 2K). In 2021, SPN booked another EUR 555K as it underwrote the capital increase of Spindox AG.

SPN FY 2016/21 balance sheet (EUR m)

(EUR m)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Goodwill	0.91	0.80	0.68	0.57	2.48	2.23
Other intangibles	0.28	0.31	0.41	0.43	0.32	1.06
Tangible	1.13	1.89	2.32	2.27	1.63	1.37
Financial/other fixed	0.37	0.65	1.05	1.61	2.36	12.92
Fixed Assets	**2.70**	**3.65**	**4.46**	**4.88**	**6.79**	**17.57**
NWC	**0.88**	**1.75**	**(0.24)**	**0.07**	**(0.11)**	**(4.31)**
TFR	(0.69)	(0.30)	(0.14)	(0.10)	(0.10)	(0.12)
Risk funds	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Invested Capital	**2.88**	**5.09**	**4.07**	**4.84**	**6.58**	**13.1**
Gross cash	(2.39)	(2.82)	(3.00)	(6.05)	(7.75)	(16.79)
Gross debt	3.26	6.01	5.53	8.79	9.92	10.69
Net Debt (cash)	**0.87**	**3.19**	**2.53**	**2.74**	**2.17**	**(0.64)**
Equity	2.00	1.91	1.55	2.10	4.41	13.8
Total funds	**2.88**	**5.09**	**4.07**	**4.84**	**6.58**	**13.1**

Source: Company Data, Banca Akros estimates

NWC

A careful control and management of net working capital is crucial in the IT segment.

SPN has managed to keep balanced working capital dynamics, as the total NWC has never exceeded 5% of sales in the 2015/2021 timeframe and has been close to zero or even negative since 2018.

SPN NWC detail (EUR m)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Inventories	-	-	-	-	-	-
Accounts receivable	10.90	12.99	17.82	17.59	19.99	22.30
Accounts payable	(2.26)	(3.27)	(4.65)	(4.13)	(6.09)	(8.33)
Other activities	1.43	1.10	1.04	0.03	1.65	2.05
Other liabilities	(9.19)	(9.07)	(14.45)	(13.42)	(15.65)	(20.33)
Net working capital (NWC)	**0.88**	**1.75**	**(0.24)**	**0.07**	**(0.11)**	**(4.31)**
As % of sales	*2.7%*	*5.3%*	*-0.6%*	*0.1%*	*-0.2%*	*-6.4%*
days AR	125	147	155	125	129	122
days AP*	-26	-37	-40	-29	-39	-46
days AP + deferred revenues*	-63	-73	-79	-69	-76	-94

Source: Company Data, Banca Akros estimates (*) on revenues

SPN books as "accounts receivable" both the already-invoiced services and the accrued revenues for the services that have already been provided but not yet invoiced. At the end of Dec-2021, invoiced revenues accounted for nearly EUR 15.5m and accrued revenues for EUR 6.5m.

We note that "Other liabilities" include a significant amount of pro-quota deferred revenue that accounted for c. EUR 8.8m at the end of Dec-2021, or 13% of sales (up by c. 3pp compared with the last few years' stable average of 10%). This item explains most of the apparent imbalance between DSO and DPO, with the latter hovering at just above 70 days in the 2016/20 timeframe and increasing to 94 in FY 2021 on a "comparable" basis.

The remaining non-financial liabilities were mainly composed of current tax payables (EUR3.2m at the end of FY 2021) and short-term payables to employees (EUR 5.5m), with a stable ratio of c.17% of sales since 2016.

As per the registration document (July 2021), SPN has signed a couple of agreements to manage its accounts receivable stock:

- ✓ an agreement with Intesa San Paolo signed in December 2020 to factor accounts receivable on a "pro-soluto" (without recourse) basis. The rolling credit line is worth EUR 9.2 and Spindox had drawn c. EUR 4.6m as at July 2021;
- ✓ an agreement with ING Bank signed in September 2020 to manage the accounts payable owed by TIM to Spindox. As at July 2021, Spindox had factored c. EUR 3.6m in performing receivables;
- ✓ a framework agreement with Citibank Milano signed in December 2011 to manage the accounts payable owed by Vodafone to Spindox. As at July 2021, Spindox had factored c. EUR 7.2m in performing receivables.

CAPITAL STRUCTURE

Until 2019, SPN mainly relied on short-term bank debt, before it raised EUR 3m with minibonds (see below). Thanks to the IPO in 2021, SPN has managed to turn its net debt position into net cash, in spite of the outflow due to M&A.

SPN Net Financial Position detail (EUR m)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
(Total liquid assets)	(2.39)	(2.82)	(3.00)	(6.05)	(7.75)	(16.79)
Current financial liabilities						
o/w banks	2.85	5.50	4.28	3.69	2.57	4.40
o/w bond	-	-	-	0.50	0.60	0.60
o/w other	-	-	0.20	0.79	0.64	0.45
Current NFP (cash)	**0.46**	**2.68**	**1.48**	**(1.07)**	**(3.95)**	**(11.33)**
Non-current financial liabilities						
o/w banks	0.42	0.51	0.07	0.08	3.49	4.73
o/w bond	-	-	-	2.50	1.90	1.30
o/w other	-	-	0.98	1.04	0.73	4.66
Net debt (cash)	**0.87**	**3.19**	**2.53**	**2.74**	**2.17**	**(0.64)**

Source: Company Data, Banca Akros estimates

In April 2019, SPN issued two "**minibonds**". Minibonds are an innovative and simplified bond scheme designed by the Italian government in 2013 to enable non-listed SMEs to raise funds and support their investment plans. SPN's minibond structure is as follows:

SPN: detail of minibonds

	Issuance	Due date	Nominal amount	Interest rate	Step-up in case of covenant breach	Pre-amort. period	Early repayment clause
Mini-bond A	11-Apr-2019	11-Apr-2025	EUR 1.0m	4.5%	0.5% p.a.	18 months	Yes (% of residual face value) 101.5% by Dec-22 101% by Dec-23
Mini-bond B	11-Apr-2019	31-Dec-2024	EUR 2.0m	5.2%	0.5% p.a.	18 months	Yes (% of residual face value) 101.5% by Dec-22 101% by Dec-23 100.5% by Dec-24

Source: Spindox's minibond registration document

Both minibonds have a pre-amortisation period of 18m, after which the face value of the bond is amortised every 6 months by 10%. The covenants for both minibonds are as follows:

SPN: covenants on minibonds

	2019	2020	2021	2022	2023	2024
NFP / equity	3.00x	2.75x	2.50x	2.25x	2.00x	2.00x
NFP / EBITDA	1.80x	1.80x	1.50x	1.50x	1.50x	1.50x
Distribution of	<30% of net profit (if NFP / EBITDA after distribution is <2x)					
dividend or reserves	<40% of net profit (if NFP / EBITDA after distribution is <1.5x)					
Share buy-backs	Not allowed					

Source: Spindox's minibond registration document

We note that the both the NFP and the EBITDA definitions are compliant with the IAS 17 principle on financial leases, while SPN's results are disclosed under the Italian accounting principles. However, the mismatch between the two definitions is negligible (c. EUR 90K additional debt and c. EUR 24K additional EBITDA in FY 2021).

At the end of FY 2021 the covenants were fully met, as the net financial position turned into EUR 0.5m net cash. The **bank debt** includes:

SPN: bank debt detail

Bank	Date	Outstanding (EURm)	o/w due by Dec-22	Interest rate	Notes
Banco BPM	22-Apr-20	0.18	0.18	3M Euribor+2.15%	
BNL	29-May-20	0.75	0.60	3M Euribor+1.40%	SACE guarantee Interest fixed at 1.27%
Unicredit	02-Jul-20	1.25	0.50	3M Euribor+2.50%	SACE guarantee Interest fixed at 2.35%
UBI	10-Aug-20	1.31	0.75	3M Euribor+1.76%	SACE guarantee
CBNL	11-Jun-21	0.50	0.50	3M Euribor+1.00%	
Credit Agricole	18-Jul-21	0.50	0.50	3M Euribor+1.50%	
Intesa Sanpaolo	30-Sep-21	1.40	0.40	3M Euribor+1.50%	
Banco BPM	30-Oct-21	1.50	0.55	3M Euribor+1.70%	SACE guarantee
Credit Agricole	17-Dec-21	1.50	0.19	3M Euribor+1.75%	SACE guarantee
Other		0.24	0.24		
Total bank debt		**9.14**	**4.40**		

Source: Company Data

Floating-rate loans accounted for nearly 75% of the bank debt and 43% of the company's gross debt at the end of FY 2021.

The **other non-current financial liabilities** (included in the reported net financial position) mainly include the deferred payment of part of the EUR 10m consideration for Plan Net and Plan Soft. In particular, the EUR 4.2m debt is due to be paid in two tranches (EUR 2.2m by January 15, 2023 and EUR 2m by January 15, 2024).

CASH FLOW ANALYSIS

SPN's capex/sales ratio ranged between 2.3% to 4.4% of revenues in 2016/2021. The company's car fleet draw most of the investment in tangible assets between 2017/19 (c. EUR 1m p.a.), whereas the investments in intangibles (mainly software licences) account for the remaining EUR 0.1/0.3m p.a.

SPN FY 2016/21 Cash Flow Summary (EUR m)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
EBITDA rep	1.85	1.16	2.20	2.71	4.09	5.32
Normal Capex	(1.31)	(1.45)	(1.49)	(1.25)	(2.51)	(1.54)
Taxes	(0.44)	(0.15)	(0.42)	(0.41)	(1.01)	(0.98)
Fin Charges	(0.05)	(0.12)	(0.22)	(0.33)	(0.39)	(0.33)
Delta NWC	(0.72)	(0.87)	0.54	(0.31)	1.68	4.20
Funds & other	0.24	(0.39)	1.31	0.16	0.76	0.01
Normalized FCFE	**(0.44)**	**(1.82)**	**1.92**	**0.58**	**2.62**	**6.67**
Asset acquisition/Disposal (net)	(0.27)	(0.28)	(0.35)	(0.61)	(2.85)	(10.57)
Change in Equity	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Payment	(0.14)	0.00	0.00	0.00	0.00	(0.35)
Share Buy-Back (Sale of treasury shares)	(0.14)	(0.22)	(0.91)	(0.19)	0.80	7.05
Change in NFP	**(0.99)**	**(2.31)**	**0.66**	**(0.21)**	**0.57**	**2.81**
Net Debt (Cash) BoP	**(0.12)**	**0.87**	**3.19**	**2.53**	**2.74**	**2.17**
Net Debt (Cash) EoP	**0.87**	**3.19**	**2.53**	**2.74**	**2.17**	**(0.64)**

Source: Company Data, Banca Akros estimates

The impact of net working capital and other funds on cash flow has been volatile with usually large impacts. In particular, in 2020 we note the effects of the delayed interest payments (allowed by the national moratorium adopted during the Covid-19 pandemic), as well as the phasing of tax payments.

As a private company, SPN distributed dividends occasionally (linked to the FY 2015 and FY 2020 results). Since the listing, the company has not adopted a dividend policy. As a reminder, dividend distribution is subject to the minibond covenants. As regards share buy-backs, we note that the company has regularly bought and disposed of treasury shares worth some hundred thousand euros p.a. until 2019, when the company issued the aforementioned minibonds. The IPO in 2021 involved the floating of treasury shares as well, for a cash-in of EUR 7.05m.

FINANCIAL RISK ANALYSIS

Minimal solvency risk. The company has been able to generate positive operating cash flow over the last few years, with the partial exception of 2017 due to the investments in the car fleet. As a result, the net debt/EBITDA ratio peaked at 2.7x in 2017, but immediately declined to 1.2x in the following year, in line with the company's historical average. The leverage ratio further declined to 0.5x in FY 2020 (also thanks to the first disposal of treasury shares) and eventually turned to a net cash position during FY 2021 following the IPO. Despite M&A, NFP remained positive at the end of last year and as of March 31, 2022. Accordingly, in presence of expected sustainable organic FCF generation in the next few years, we rate solvency risk as minimal. We also note that 4 loans with a residual value of EUR 5m (55% of SPN's total bank debt) are guaranteed by SACE.

Low liquidity risk. SPN has gradually improved its financial position over the last few years, by adding new sources of funding (the minibonds) and by balancing short- and long-term debt. At the end of FY 2021, SPN's gross cash position exceeded the current financial debt by more than 3x.

Active management of interest rate risk. Most of SPN's bank loans have floating rates. The company has stipulated IRS contracts on two of them, which at the end of FY 2021 covered c. EUR 2m (21%) of the gross outstanding bank debt.

Credit risk. The company normally books 0.1/0.2% of revenues as provisions for doubtful credits (EUR 60/140K pa). The contra account was worth 1.1% of the gross A/R, mostly booked in 2020 following a EUR 140K provision.

Q1 2022 results

SPN published its Q1 2022 results on a consolidated basis, including the contribution of Plan Net and Plan Soft as of January 1, 2022. In the table below, we compare as estimated pro-forma Q1 2022 figures.

SPN Q1 2022 results

(EURm)	Q1 2021pf (*)	Q1 2022	Y/Y
Total sales	16.9	19.0	12.4%
EBITDA	1.3	1.5	12.4%
margin	*7.7%*	*7.7%*	*0pp*
Net financial debt (cash)	na	-5.7	nm

Source: Company Data (*) pro-forma data are Akros' estimates based on the Y/Y change disclosed.

The company stated that the revenue growth was in line with the management's forecast and were mainly driven by the pharmaceutical and banking/insurance verticals.

In particular, Spindox has entered the pharmaceutical market following the acquisition of Plan Net and Plan Soft. Though the management did not disclose the precise impact, they estimated that the subsidiaries' contribution to the top-line growth was in the region of 8pp.

The net cash position reached EUR 5.7m. The improvement compared with the consolidated pro-forma net cash position of EUR 1.2m at the end of FY 2021 (vs. EUR 0.6m on a stand-alone basis) is mainly due to the consolidation of the EUR 4.2m net cash owned by the newly acquired companies (the acquisitions took place at the end of 2021 but the group released its first consolidated accounts only with Q1 2022).

Forecasts

We expect SPN to maintain its healthy growth trajectory in the next few years, based on the strong underlying market trends, the public support to the domestic IT industry (PNRR and other programs) and the increased penetration in new verticals, in particular by leveraging on the newly acquired Plan Soft. From the baseline level of c. EUR 72.3m in FY 2021 (Akros estimate) we expect the company's turnover to grow by an 8.2% CAGR to 2026 (compared with a 21% CAGR over the last five years). We consider growth perspectives under the current perimeter, even though, it is likely the company will pursue further acquisitions.

In 2022, we have projected an 7% increase in the Digital transformation business line (IT services, consulting and network services) and a 38% increase in AI Technology, thanks to the acceleration of Ublique's sales. As such, we expect revenues to grow by 8% Y/Y on a comparable basis, of which c. 1pp thanks to the integration of TMLab. The reported growth rate (compared to the FY 2021 standalone top line) ought to be in the region of 16% (with a 9pp contribution from the integration of Plan Soft).

We expect the EBITDA margin to improve by a few tens of basis points to 8.2% (vs. the 7.8% posted in FY 2021), thanks to the accretive effect of the newly acquired companies (approx. 10% and 26% EBITDA margin at Plan Soft and TMLab respectively).

SPN: estimates 2022/2026e

	FY 2021a*	FY 21 pf**	FY 2022e	FY 2023e	FY 2024e	FY 2025e	FY 2026e	CAGR 21pf/26
Sales	66.8	72.3	77.5	83.8	90.9	98.6	107.1	8.2%
Total Turnover	67.8	73.4	78.4	84.9	92.0	99.8	108.4	8.1%
EBITDA	5.3	5.8	6.4	7.2	8.1	9.0	10.0	11.4%
Margin	*7.8%*	*8.0%*	*8.2%*	*8.5%*	*8.8%*	*9.0%*	*9.3%*	
D&A	(1.1)	(1.4)	(1.4)	(1.6)	(1.8)	(2.0)	(2.1)	8.7%
EBITA	4.2	na	5.2	5.7	6.4	7.1	8.0	
Margin	*6.2%*	*nm*	*6.6%*	*6.7%*	*6.9%*	*7.2%*	*7.4%*	
Goodwill amortisation	(0.3)	na	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	
EBIT	4.0	4.4	4.7	5.2	5.9	6.7	7.5	11.1%
Margin	*5.9%*	*6.0%*	*6.0%*	*6.2%*	*6.4%*	*6.7%*	*6.9%*	
Fin charges	(0.3)	na	(0.4)	(0.6)	(0.5)	(0.5)	(0.4)	
Taxes	(1.0)	na	(1.1)	(1.2)	(1.3)	(1.5)	(1.8)	
Minorities	0.0	na	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Net Income	2.7	3.0	3.1	3.4	3.9	4.5	5.2	11.9%
Capex	(1.5)	na	(1.8)	(1.9)	(2.1)	(2.3)	(2.5)	
Delta NWC (+decr/-incr)	4.2	na	(4.2)	(2.8)	(1.5)	(0.4)	(0.4)	
FCFE	6.7	na	(1.0)	0.8	2.7	4.4	5.1	
Net Debt (cash)	(0.6)	na	4.3	3.5	0.8	(3.6)	(8.7)	

Source: Company Data, Banca Akros estimates (*) FY 2021pf data based on Akros' estimates (**) FY 2021a data on a stand-alone basis

As regards our mid-term projections to 2026, we forecast the two revenue lines to grow by c. 7% and 15% respectively, thus pointing at an organic CAGR of just over 8% (10% compared with FY 2021 standalone revenues).

As a labour-intensive company, we expect operating leverage to deliver a marginal contribution to profitability. More likely, the different revenue mix depending on the addressed verticals may push EBITDA margin a tad up. Overall, we expect the EBITDA margin to remain in the 8.2/9.3% range for the foreseeable future and to slightly outpace the revenue growth (11.4% CAGR).

We have set D&A in line with the historical average, just below 2% of sales. The goodwill linked to the acquisitions of ACT in 2020, Plan Soft in 2021 and TMLab in 2022 is expected to be amortised in compliance with the Italian GAAP at a rate of c. EUR 0.5m p.a. The expected net income growth (net of the tiny results attributable to TMLab's minorities) is based on relatively stable financial charges and a constant 25% tax rate.

Capex is projected at 2.3% of revenues, in line with the last few years average and under the assumption of no further acquisitions. We have set WCR (as a % of revenues) close to zero, based on the historical average of AR/AP days, as it proved rather stable over the last decade. Therefore, we expect FCFE to grow from slightly negative in FY 2022 (due to the normalisation of other liabilities leading to a NWC absorption) to c. EUR 5m in 2026. The net cash position is expected to reach EUR 9m in 2026.

Given that SPN has not disclosed an explicit dividend policy (and the minibond covenants impose severe limits to the dividend distribution), we have not included any remuneration for the next few years.

M&A contribution. Plan Soft generated EUR 5.58m in revenues (-10% Y/Y) and EUR 0.52m in EBITDA (-49%) in FY 2021. We have included it in our "pro-forma" estimate for FY 2021 as if it was consolidated since January 1, 2021, although SPN reported only its stand-alone accounts, with the acquisition only impacting financial assets and net debt. We project org growth in line with SPN's digital transformation business lines (c. +9% Y/Y), on top of the. 9pp perimeter effect. At the EBITDA margin level, the impact is slightly accretive (c.20bps).

TMLab (acquired in April 2022) generated EUR 0.93m in revenues (+112% Y/Y) and EUR 0.24m in EBITDA (+114%) in FY 2021. It ought to deliver just below 1pp inorganic growth contribution and increase the EBITDA margin by further 15/20bps in FY 2022.

Growth by Line of Business. We expect the IT Services and consulting activities post a robust growth, also supported by the expansion into the new verticals acquired via Plan Soft. AI Technology ought to grow significantly above the group's average, driven by the Ublique platform. Finally, we have factored in a gradual decline in Network services due to a slowdown in the investment by the main telco operators.

SPN: revenue estimated by Line of Business

	FY 2021a	FY 2021pf	FY 2022e	FY 2023e	FY 2024e	FY 2025e	FY 2026e	CAGR 21/26
IT Services	47.2	na	55.9	60.9	66.4	72.3	78.9	10.8%
Consulting	8.6	na	9.2	9.9	10.6	11.3	12.1	7.0%
Network Services	6.2	na	5.9	5.6	5.3	5.0	4.8	-5.0%
AI Technology	4.7	na	6.5	7.5	8.6	9.9	11.4	19.3%
Total	**66.8**	**na**	**77.5**	**83.8**	**90.9**	**98.6**	**107.1**	**9.9%**

Source: Company Data, Banca Akros estimates

Despite the rather diversified verticals served, SPN is largely exposed to cyclical sectors (primarily automotive, banking and manufacturing) and to country risk, as Italy account for >92% of group's revenues.

We believe that the group might be marginally affected by the geopolitical impacts of the Russia-Ukrainian crisis, as is by the adverse macro scenario inflating logistics and energy prices. By contrast, SPN may be impacted by labour cost inflation, as personnel expenses stand at approx. 60% of revenues (including other recruiting and training costs, which account for c. 6%).

Valuation

We based our valuation on a DCF model, since we believe it effectively prices in the robust growth profile and the increasing cash generation we expect. We have obtained a fair value of EUR 15.5.

Our DCF is based on a forecast period to FY 2030, with a 9% revenue CAGR in the second stage between 2026/2030, EBITDA margin broadly stable in the 9/10% range and set at 10.0% in terminal year.

The cost of equity is 11.0%; we chose a Beta of 1.5, which we normally adopt for Euronext-Growth listed companies. Modelling a limited leverage in the mid-term (25% target debt on D+E), we calculate a WACC of 9.0%.

We set the terminal growth rate at 2.5%, assuming the IT market will continue to outperform the broader economy.

SPN: DCF model (EURm)

DCF Model	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029	2030	TY
Net Sales	78.4	84.9	92.0	99.8	108.4	117.9	128.4	140.0	152.8	156.6
EBITDA	6.4	7.2	8.1	9.0	10.0	11.2	12.4	13.8	15.4	15.7
% margin	*8.2%*	*8.5%*	*8.8%*	*9.0%*	*9.3%*	*9.5%*	*9.7%*	*9.9%*	*10.1%*	*10.0%*
EBITA	5.1	5.6	6.0	6.7	7.6	8.5	9.5	10.6	11.9	12.1
Taxes	-1.3	-1.4	-1.5	-1.7	-1.9	-2.1	-2.4	-2.7	-3.0	-3.0
NOPLAT	3.8	4.2	4.5	5.0	5.7	6.4	7.1	8.0	8.9	9.1
D&A	1.4	1.6	2.1	2.3	2.5	2.7	2.9	3.2	3.5	3.6
FCF	5.2	5.8	6.6	7.3	8.1	9.1	10.1	11.2	12.4	12.6
Capex	-1.8	-1.9	-2.1	-2.3	-2.5	-2.7	-2.9	-3.2	-3.5	-3.6
WCR	-4.2	-2.8	-1.5	-0.4	-0.4	-0.4	-0.5	-0.5	-0.6	0.0
Cash Flow	**-0.8**	**1.1**	**3.0**	**4.7**	**5.3**	**6.0**	**6.7**	**7.5**	**8.4**	**9.1**

Source: Banca Akros estimates

DCF Analysis

Cumulated Cash Flows (Present Value) EUR m	25.1
Perpetual Growth Rate (g)	2.5%
Normalised Annual Cash Flow (EUR m)	9.1
Terminal Value (EUR m)	143.4
Discounted Terminal Value (EUR m)	63.7
Financial Assets (EUR m)	3.0
Enterprise Value (EUR m)	91.9
NFP (2021) (EUR m)	1.2
Minorities & others (EUR m)	0.0
TFR and risk provisions (EUR m)	(0.1)
Equity Market Value (EUR m)	93.0
Number of shares - fully diluted (m)	6.0
Fair Value per share (EUR)	15.5

Source: Banca Akros estimates

In the following tables we provide a sensitivity analysis.

SPN Fair Value: Sensitivity to WACC/g

WACC/g	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
7.50%	17.0	18.1	19.4	**21.0**	22.9	25.3	28.4
8.00%	15.6	16.5	17.5	**18.8**	20.3	22.2	24.5
8.50%	14.3	15.1	16.0	**17.0**	18.2	19.7	21.5
9.00%	**13.3**	**13.9**	**14.7**	**15.5**	**16.5**	**17.7**	**19.1**
9.50%	12.3	12.9	13.5	**14.2**	15.1	16.0	17.2
10.00%	11.5	12.0	12.5	**13.1**	13.8	14.6	15.5
10.50%	10.8	11.2	11.6	**12.2**	12.7	13.4	14.2

Source: Banca Akros estimates

SPN Fair Value: Sensitivity to WACC/terminal EBITDA margin

WACC/Terminal EBITDA margin	9.25%	9.50%	9.75%	10.00%	10.25%	10.50%	10.75%
7.50%	19.4	20.0	20.5	**21.0**	21.5	22.0	22.5
8.00%	17.5	17.9	18.4	**18.8**	19.3	19.7	20.1
8.50%	15.9	16.2	16.6	**17.0**	17.4	17.8	18.2
9.00%	**14.5**	**14.8**	**15.2**	**15.5**	**15.9**	**16.2**	**16.5**
9.50%	13.3	13.6	13.9	**14.2**	14.5	14.8	15.1
10.00%	12.3	12.6	12.8	**13.1**	13.4	13.7	13.9
10.50%	11.4	11.7	11.9	**12.2**	12.4	12.7	12.9

Source: Banca Akros estimates

Peers' comparison

The value of IT companies has dropped significantly both in the USA and in Europe, as fears linked to the worldwide slowdown and rising inflation spread among investors. In particular, we note that the technological indices have strongly decreased since the beginning of 2022 (YTD: Nasdaq-34%, S&P500 Tech -31%, EuroSTOXX Tech -39%), probably on the back of an expected downward revision of earnings forecasts. SPN has dropped by 34% YTD and by 44% since its peak level reached in October 2021 (but the performance since the IPO remains largely positive, c.+30%).

Nevertheless, consensus forecasts seem to lag behind this short-term movement, since earnings estimates remained broadly unchanged or have increased slightly year-to-date.

As such, we argue that any relative valuation would be affected by the mismatch between these factors and would not completely capture a fairly "normalised" multiple these companies would trade at.

Therefore, on top of the peers' comparison based on current market prices, which shows that SPN is trading at multiples broadly in line with its peers, we also take into account equity values at the average target prices, in particular on the "IT Service and Consulting" and the "Italian peers" clusters. The valuation would lead to a fair value between EUR 14/sh and 16/sh, which supports our DCF valuation.

SPN: multiples at current prices vs. target prices

at current prices	EV/EBITDA		EV/EBIT		P/E	
	2022e	2023e	2022e	2023e	2022e	2023e
Median AI	18.4	15.5	21.1	18.2	25.5	22.2
Median IT Service and Consultancy	8.3	7.7	10.7	9.4	16.6	14.7
Median Italian Peers	8.5	7.5	12.2	9.5	15.8	11.7
Spindox	**9.9**	**8.7**	**13.8**	**12.2**	**20.6**	**19.1**

at target prices	EV/EBITDA		EV/EBIT		P/E	
	2022e	2023e	2022e	2023e	2022e	2023e
Median AI	18.4	15.5	21.1	18.2	25.5	22.2
Median IT Service and Consultancy	12.2	11.3	15.5	13.8	23.2	20.7
Median Italian Peers	14.3	13.5	20.5	15.8	30.3	23.3
Spindox	**13.2**	**11.6**	**18.3**	**16.2**	**27.3**	**25.3**

Source: Bloomberg data, Banca Akros estimates

Spindox: AI cluster main financials

	Cur	Sales				Sales CAGR 22-24	EBITDA				EBITDA CAGR 22-24	Net Profit				Net profit CAGR 22-24
		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e	
Commvault Systems Inc	USD	723	766	823	876	6.9%	2.7	166	188	213	13.0%	-31	114	131	148	14.1%
Elastic Nv	USD	608	855	1,086	1,416	28.7%	-103	16	-8.9	41	60.5%	-129	-36	-31	21	
Epam Systems Inc	USD	3,758	4,787	5,926	7,442	24.7%	693	735	1,071	1,373	36.7%	482	505	748	1,003	41.0%
Fair Isaac Corp	USD	1,317	1,372	1,469	1,596	7.9%	551	651	698	770	8.7%	392	432	462	517	9.4%
Kainos Group Plc	GBp	235	297	349	389	14.5%	53	61	68	76	12.2%	40	47	51	56	9.5%
Open Text Corp	USD	3,386	3,497	3,655	3,740	3.4%	1,318	1,261	1,370	1,435	6.7%	311	869	946	970	5.6%
Tpximpact Holdings Plc	GBp	51	79	95	109	17.5%	1.8	12	13	16	15.6%	-2.2	2.2	4.2	7.2	80.9%
Splunk Inc	USD	2,229	2,549	3,330	4,057	26.2%	-605	-300	160	411		-908	-344	34	196	
Average						**16.2%**					**21.9%**					**26.8%**
Median						**16.0%**					**13.0%**					**11.8%**
Spindox Spa	EUR	67	84	103	123	22.6%	5.4	7.0	9.0	11	27.4%	2.7	3.5	4.9	7.0	38.0%

Source: Bloomberg data as at 03 July 2022

Spindox: AI cluster multiples

	Market Cap (m)	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
		2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Commvault Systems Inc	2,681	3.4	3.1	15.4	13.6	16.5	14.5	26.3	22.2
Elastic Nv	6,447	7.6	6.0	410	n.a.	n.a.	2,774	n.a.	n.a.
Epam Systems Inc	16,905	3.5	2.8	22.5	15.5	27.3	18.2	36.3	25.0
Fair Isaac Corp	9,883	8.8	8.2	18.4	17.2	19.7	18.3	24.7	22.2
Kainos Group Plc	1,584	4.4	3.7	21.4	19.2	22.5	21.1	28.9	27.0
Open Text Corp	9,886	3.8	3.6	10.3	9.5	11.4	11.6	12.0	11.0
Tpximpact Holdings Plc	148	1.7	1.4	11.0	9.8	31.9	18.1	14.4	13.3
Splunk Inc	14,198	6.9	5.3	n.a.	108	n.a.	256	n.a.	511
Average		**5.0**	**4.3**	**72.7**	**27.6**	**21.6**	**391**	**23.8**	**90.2**
Median		**4.1**	**3.7**	**18.4**	**15.5**	**21.1**	**18.2**	**25.5**	**22.2**

Source: Bloomberg data as at 03 July 2022

Spindox: IT Service and Consultancy cluster main financials

	Cur	Sales				Sales CAGR 22-24	EBITDA				EBITDA CAGR 22-24	Net Profit				Net profit CAGR 22-24
		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e	
Accenture Plc-Cl A	USD	50,533	61,624	66,912	71,830	8.0%	10,254	11,401	12,420	13,476	8.7%	5,907	6,888	7,669	8,381	10.3%
Capgemini Se	EUR	18,160	20,586	22,162	23,769	7.5%	2,511	3,299	3,606	3,956	9.5%	1,157	1,760	1,976	2,215	12.2%
Tietoevry Oyj	EUR	2,823	2,898	2,992	3,083	3.1%	542	450	509	535	9.0%	292	235	272	291	11.3%
Cancom Se	EUR	1,304	1,383	1,499	1,614	8.0%	132	129	141	154	9.1%	273	58	68	76	14.1%
Sopra Steria Group	EUR	4,683	5,003	5,260	5,481	4.7%	510	582	636	687	8.7%	188	268	307	342	13.0%
Alten Sa	EUR	2,925	3,522	3,839	4,086	7.7%	365	428	466	495	7.5%	208	258	284	305	8.7%
Gft Technologies Se	EUR	566	716	828	942	14.7%	61	79	94	110	17.7%	30	41	52	63	23.9%
Average						**7.7%**					**10.0%**					**13.4%**
Median						**7.7%**					**9.0%**					**12.2%**
Spindox Spa	EUR	67	84	103	123	22.6%	5	7	9	11	27.4%	3	4	5	7	38.0%

Source: Bloomberg data as at 03 July 2022

Spindox: IT Service and Consultancy cluster multiples

	Market Cap (m)	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
		2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Accenture Plc-Cl A	179,251	3.0	2.8	16.0	14.7	19.9	18.1	26.5	23.6
Capgemini Se	29,255	1.6	1.5	10.1	9.3	13.3	11.9	16.6	14.7
Tietoevry Oyj	2,826	1.2	1.1	7.6	6.7	10.7	9.4	10.2	9.4
Cancom Se	1,240	0.6	0.6	6.8	6.2	10.4	8.6	20.8	17.7
Sopra Steria Group	2,951	0.7	0.7	6.3	5.8	9.6	8.3	10.9	9.5
Alten Sa	3,601	1.0	0.9	8.3	7.7	9.9	9.0	13.8	12.6
Gft Technologies Se	995	1.4	1.3	13.1	11.0	17.6	14.0	24.2	19.2
Average		**1.4**	**1.3**	**9.7**	**8.8**	**13.1**	**11.3**	**17.6**	**15.2**
Median		**1.2**	**1.1**	**8.3**	**7.7**	**10.7**	**9.4**	**16.6**	**14.7**

Source: Bloomberg data as at 03 July 2022

Spindox: Italian cluster main financials

	Cur	Sales				Sales CAGR 22-24	EBITDA				EBITDA CAGR 22-24	Net Profit				Net profit CAGR 22-24
		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e		2021a	2022e	2023e	2024e	
Sourcesense Spa	EUR	23	28	33	38	*16.9%*	n.a.	4.1	5.1	6.1	22.0%	1.4	2.1	2.9	3.7	*32.7%*
Reply Spa	EUR	1,484	1,758	1,949	n.a.		258	296	325	352	9.1%	151	174	194	213	*10.5%*
Expert.Ai Spa	EUR	31	39	49	71	*34.4%*	n.a.	-5.1	0.1	12		-16	-11	-8.0	1.0	
Neosperience Spa	EUR	18	26	32	37	*21.1%*	5.9	8.2	10	12	21.0%	0.6	1.7	3.1	4.3	*59.0%*
Relatech Spa	EUR	n.a.	45	54	n.a.		n.a.	10	12	n.a.		n.a.	6.0	8.0	n.a.	
Cy4Gate Spa	EUR	18	65	87	94	*20.4%*	7	20	28	30	24.0%	5.2	10	15	16	*26.5%*
Average						**23.2%**					**19.0%**					**32.2%**
Median						**20.8%**					**21.5%**					**29.6%**
Spindox Spa	EUR	67	84	103	123	*22.6%*	5.4	7.0	9.0	11	27.4%	2.7	3.5	4.9	7.0	*38.0%*

Source: Bloomberg data as at 03 July 2022

Italian peers

	Market Cap (m)	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
		2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Sourcesense Spa	33.9	1.1	0.9	7.3	5.9	10.0	7.3	15.8	11.7
Reply Spa	4,302	2.3	2.1	13.9	12.6	17.0	15.3	24.8	22.4
Expert.Ai Spa	43.0	0.8	0.6	n.a.	317	n.a.	n.a.	n.a.	n.a.
Neosperience Spa	33.9	1.5	1.2	4.7	3.8	12.1	7.6	15.7	11.1
Relatech Spa	88.9	1.9	1.6	8.5	7.1	12.2	9.5	12.2	9.9
Cy4Gate Spa	219	3.4	2.5	11.1	7.9	14.9	10.3	21.1	15.3
Average		**1.8**	**1.5**	**9.1**	**59.1**	**13.2**	**10.0**	**17.9**	**14.1**
Median		**1.7**	**1.4**	**8.5**	**7.5**	**12.2**	**9.5**	**15.8**	**11.7**

Source: Bloomberg data as at 03 July 2022

ESG Focus

On June 23, 2021 SPN published its first Sustainability Report in compliance with the GRI Standards.

SPN built the "Materiality Matrix" following a survey, in which stakeholders were asked to rate the relevance of a topic (between 1, "less relevant" to 4, "extremely relevant"). The topics rated at least 3.3 by both external stakeholder and SPN are labelled "relevant", as shown in the matrix below.

SPN: Materiality matrix

Material topics
- ✓ Innovation
- ✓ Data protection
- ✓ Quality of service
- ✓ Anti-corruption and compliance
- ✓ respect for human rights
- ✓ supply chain management
- ✓ financial performance
- ✓ Ethics and integrity
- ✓ Fair competition
- ✓ Human rights
- ✓ Customer relationship
- ✓ Transparency
- ✓ Education
- ✓ Diversity
- ✓ Distribution of wealth generated
- ✓ Governance
- ✓ Distribution of economic value

Source: company data

Environmental

Although the ICT business has no direct environmental impact, SPN has adopted an ISO 14001:2015 certified environmental management system. Starting from 2019, SPN has also measured its carbon footprint.

Most of the energy consumption and the CO_2 emissions are linked to the heating and lighting of the company's buildings as well as the fuel consumption of the car fleet. Since SPN does not own the buildings where it operates (and cannot take on renovations to improve their energy performance), it has implemented a policy aimed at optimising and reducing the consumption of resources.

Among the main initiatives, we name:

- ✓ The substitution of incandescent light bulbs with LED ones;
- ✓ Gradual substitution of ICE cars with more environmental-friendly vehicles;
- ✓ The improvement of waste sorting;
- ✓ The reduction in print paper consumption.

The electricity consumption is mainly due to the utilities needed in the company's facilities. Fuels include natural gas (c. 26%) for heating, while diesel oil and petrol account for the remaining 74% of fuels. We note that most of the decline compared with 2019 (-40% in FY 2021) is linked to the significant decline in mobility.

Likewise, the CO_2 emissions declined significantly in 2020 and 2021 thanks to the lower consumption of fuels.

SPN: Electricity and fuel consumption (2019/21)
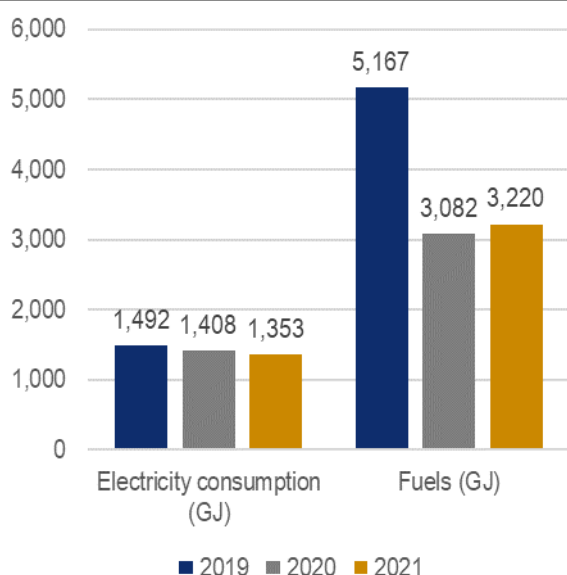
SPN: CO_2 emissions (2019/21)

Source: company data
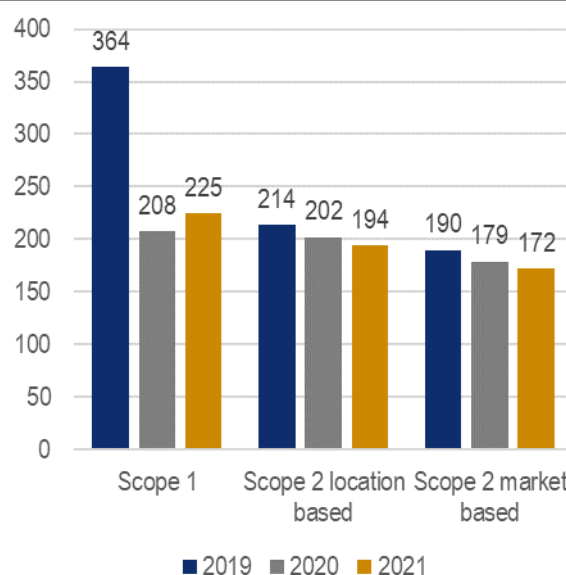
Source: company data

Social

SPN is significantly committed to the development and the enhancement of its workforce.

Indeed, the company cooperates with universities and research centres to both find new talents and to share cutting-edge knowledge and applications.

The training activities include:

✓ "Academy", an education project that has been operating since 2017. It is designed for STEM new graduates (aged less than 30) and is focused on technical and soft skills.

✓ In 2020, SPN also launched the "Spindox Graduate Program", which is aimed at incentivising people to graduate in STEM disciplines.

✓ As of 2021, the project "On Boarding" has come into operation, to help newly hired people to get familiar with the colleagues and the corporate organisation.

The recognition of talent is also supported by initiatives such as Degree Welfare (a "welfare bonus" awarded to employees that have graduated in STEM disciplines).

SPN has also adopted a corporate welfare plan.

As regards safety on the workplace, the company has adopted a management system compliant with the ISO 45001:2018 standards. No accidents were recorded in the workplace in 2021. Moreover, the implementation of work-from-home model has significantly reduced the commuting accidents (1 in FY 2021 and FY 2020, compared to 8 in FY 2019).

As regards the relationship with the local communities, SPN supports and cooperates with a number of associations as well as universities (La Sapienza in Rome, Università degli Studi and Catholic University in Milan, the Trento University, Polytechnic in Barcelona) and research centres.

Governance

The BoD has 8 members, including 1 independent director.

The company has adopted a management model in compliance with legislative decree 231/2001. It has also incorporated the Ethics Code, which was adopted in 2012.

In 2021, Spindox was awarded the "Two star plus" rating (compared a maximum rate of three stars) by the National Authority on Markets and Competition (AGCOM), which testifies to the company's commitment to implementing ethical principles in its operations.

No breach of environmental, economical or fiscal laws were recorded in 2020 and 2021.

ESG Scorecards

Spindox	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications			■	Certification of the Quality System in compliance with ISO 9001:2015 Certification of the Environment Management System in compliance with ISO 14001:2015 Certification of the Wealth and Safety Management System in compliance with ISO 45001:2018
Materiality Matrix (GRI or Others)			■	
Sustainability Report (CSR)			■	
Sustainability Plan / Defined ESG Goals	■			No ESG plan provided
ESG Ratings	■			No rating

Source: Banca Akros

ESG Positioning

Spindox	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO_2 reduction)			■	397 tCO2 (+2% vs. 2020, -28% vs. 2019)
Water consumption		■		4.7kl (-33% vs. 2020, +32% vs. 2019)
Electricity & Power consumption			■	1.35K GJ (-4% vs. 2020, -9% vs. 2019)
Waste reduction		■		75% sorted waste
Social				
Social engagement			■	97% of permanent workers
Accident index		■		0 accidents (0 in 2020 and in 2019)
Gender Equality			■	3 female directors out of 8 members 4 female managers out of 25 (16%) 21% female middle-managers
Training / Employees satisfaction	■			average training time per employee 14hrs (2x vs. 2020, -42% vs. 2019)
Governance				
BoD composition		■		1 independent director out of 8 members
Top management ESG Involvement.	■			not adopted

Source: Banca Akros

Appendix

Artificial Intelligence

Commvault Systems Inc

Commvault is a US-based company that provides data management solutions to enterprises. Its software is based on a platform on which many functions are built, and they all share the same back-end technologies, thus providing a holistic approach to protecting, managing, recovering and accessing data. Its customers include all-sized enterprises (such as McDonald's, Qorvo and Benetton Group), government agencies, system integrators, corporate resellers and original equipment manufacturers. Overall, services provide about 55% of the company's revenue, while software and products bring in nearly 45%. Its software's capabilities are covered by a robust portfolio of more than 1,000 patents worldwide. The US is Commvault's largest market, accounting for nearly 60% of sales, EMEA 30%, and APJ about 10%. Indirect distribution channels account for approximately 90% of the company's software and products sales. Commvault gets more than 35% of revenue through its agreement with distributor Arrow Enterprise; it includes sales to the US federal government.

Commvault Systems Inc: sales by segment

Software 46%
Customer Support 45%
Professional Services 9%
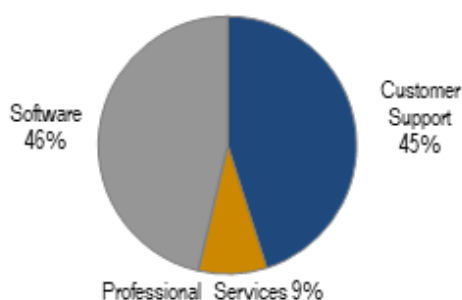
Source: Company data

Commvault Systems Inc: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	723	766	823	876	7%
EBITDA	3	166	188	213	13%
(%)	0%	22%	23%	24%	
EBIT	-22	156	177	201	14%
(%)	-3%	20%	22%	23%	
Net Income	-31	114	131	148	14%
Dividend Yield	n.a.	n.a.	n.a.	1.0	
Net debt	-374	-229	-240	-249	4%
Net Debt/EBITDA	-140.6	-1.4	-1.3	-1.2	

Source: Bloomberg

Elastic Nv

Elastic is a "search company", i.e. it provides solutions to instantly find relevant information and insights from large amounts of data. The company developed Elastic Stack, a suite of software products that ingest and store data from a wide range of sources and in many different formats, and perform search, analysis and visualization. Stack works as a platform, on which the company developed specific solutions to meet specific needs: Enterprise Search, Observability, Security and event management. The business model is based on a combination of open source and proprietary software; developers can download the software (and access some of the features) free of charge; proprietary features and support are available through paid subscription. Elastic sells both on-premises and "as-a-Service" to over 18,600 customers at the end of FY 21/22 (11,300 at the end of FY 19/20).

Elastic Nv: sales by segment

Professional Services 7%
License 9%
Self managed and SaaS 84%
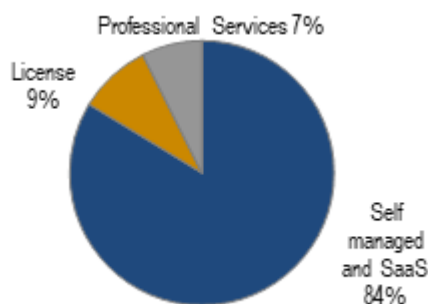
Source: Company data

Elastic Nv: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	608	855	1,086	1,416	29%
EBITDA	-103	16	-9	41	61%
(%)	-17%	2%	-1%	3%	
EBIT	-129	-2	2	57	
(%)	-21%	0%	0%	4%	
Net Income	-129	-36	-31	21	
Dividend Yield	0.1	0.0	0.0	9.3	
Net debt	-373	n.a.	-881	-947	
Net Debt/EBITDA	3.6		99.4	-23.2	

Source: Bloomberg

Epam Systems Inc

Epam provides a wide range of IT services, which are divided into five practice areas: 1) Engineering, through which Epam architects, builds and scales software solutions, and integrates customers' chosen application platform with their internal systems and processes; 2) Operations, which offers proprietary platforms and engineering practice to outsource business processes; 3) Optimization, which includes the implementation of process automation and cognitive techniques (such as AI and machine learning) to upgrade legacy processes; 4) Consulting and 5) Design, which provide IT advisory, industry expertise and data visualization services. The company's operations consist of three reportable segments: North America (approximately 60% of FY 21 sales), Europe (about 36%), and Russia (about 4%).

Epam Systems Inc: sales by segment
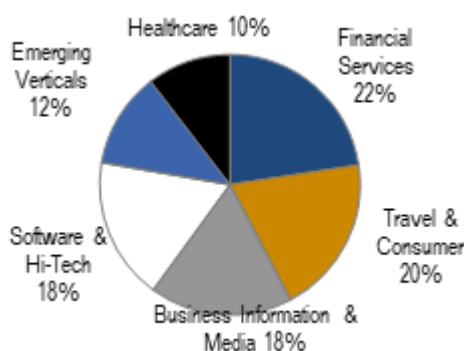
Source: Company data

Epam Systems Inc: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	3,758	4,787	5,926	7,442	25%
EBITDA	693	735	1,071	1,373	37%
(%)	18%	15%	18%	18%	
EBIT	542	613	922	1,232	42%
(%)	14%	13%	16%	17%	
Net Income	482	505	748	1,003	41%
Dividend Yield	0.0	0.0	0.0	-9.7	
Net debt	-1,207	-1,785	-2,497	-3,512	40%
Net Debt/EBITDA	-1.7	-2.4	-2.3	-2.6	

Source: Bloomberg

Fair Isaac Corp

FICO provides products, solutions and services that enable businesses to automate, improve and connect decisions to enhance business performance. The company offers predictive analytics and decision management systems through three segments: 1) Applications, pre-configured decision management applications designed for a specific type of business problem or process — such as marketing, account origination, customer management, fraud, financial crimes compliance, collections and insurance claims management — as well as associated professional services; 2) Scores, which includes B2B and B2C scoring solutions and services; 3) Decision Management Software, which includes a number of analytic tools delivered through FICO Platform to create a custom decision management application. Products are provided both on-premises and on a SaaS model. The company's operations consist of three reportable segments: Americas (approximately 80% of FY 20/21 sales), Europe, Middle East and Africa (about 14%), and Asia Pacific (about 6%).

Fair Isaac Corp: sales by segment
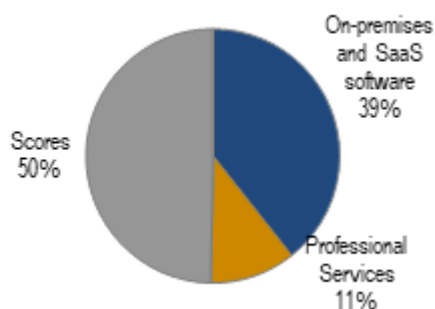
Source: Company data

Fair Isaac Corp: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	1,317	1,372	1,469	1,596	8%
EBITDA	551	651	698	770	9%
(%)	42%	47%	47%	48%	
EBIT	505	611	658	754	11%
(%)	38%	45%	45%	47%	
Net Income	392	432	462	517	9%
Dividend Yield	n.a.	n.a.	n.a.	-1.3	
Net debt	1,108	1,637	1,702	1,677	1%
Net Debt/EBITDA	2.0	2.5	2.4	2.2	

Source: Bloomberg

Kainos Group Plc

Kainos provides information technology services, consulting and software solutions. The company specializes in development of digital technology solutions, software design and agile software development, third-party software integration and implementation services. Kainos operates through two divisions: 1) Digital Service, which focuses on the delivery of customised online digital solutions, principally for the public sector, commercial sector and healthcare organisations; 2) Workday Practice, which includes cloud-based software for Human Capital Management ("HCM") and Financial Management and Planning that enables enterprises to organise their staff efficiently and to support financial reporting requirements. The division comprises two areas of activity, the provision of consulting services ("Workday Services") and the Smart Automated Testing Platform ("Smart") that allows Workday customers to automatically verify their Workday configuration. The UK is Kainos's largest market, accounting for nearly 72% of sales, USA approximately 19%, and Central Europe about 9%.

Kainos Group Plc: sales by segment
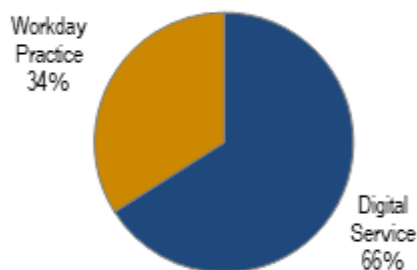
Source: Company data

Kainos Group Plc: historical data and consensus forecasts

GBp (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	235	297	349	389	*15%*
EBITDA	53	61	68	76	*12%*
(%)	*23%*	*20%*	*19%*	*20%*	
EBIT	50	58	61	70	*10%*
(%)	*21%*	*19%*	*18%*	*18%*	
Net Income	40	47	51	56	*10%*
Dividend Yield	2.0	2.2	2.5	-10.6	
Net debt	-59	-24	21	27	
Net Debt/EBITDA	-1.1	-0.4	0.3	0.4	

Source: Bloomberg

Open Text Corp

OpenText offers information management software designed for enterprises. It distinguishes its operations into four categories: 1) Business Network, which includes an application to secure the enterprises' digital supply chain and e-commerce channel; 2) Content Service, which offers data management platforms to manage and interchange data efficiently within an organization; 3) Cyber Resilience, which offers services and products for cyber security; 4) Digital Experience, which implements and optimize multichannel interactions to improve the customer journey. OpenText's services lever AI-based analytical tools for business insight, optimized customer experience, employee engagement, supply chain efficiency and simplified risk management. The company mainly serves customers in financial (23%), services (18%), consumer goods (15%) and technology (12%) sectors.

Open Text Corp: sales by segment
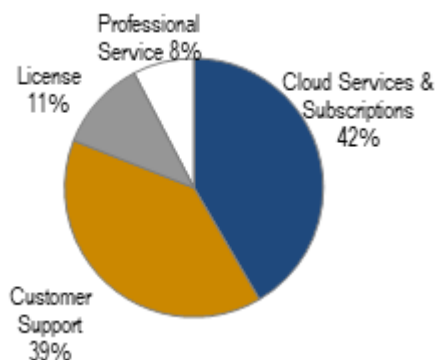
Source: Company data

Open Text Corp: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	3,386	3,497	3,655	3,740	*3%*
EBITDA	1,318	1,261	1,370	1,435	*7%*
(%)	*39%*	*36%*	*37%*	*38%*	
EBIT	741	1,167	1,146	1,186	*1%*
(%)	*22%*	*33%*	*31%*	*32%*	
Net Income	311	869	946	970	*6%*
Dividend Yield	2.3	2.6	n.a.	-6.1	
Net debt	2,264	2,534	1,776	949	*-39%*
Net Debt/EBITDA	1.7	2.0	1.3	0.7	

Source: Bloomberg

Tpximpact Holdings Plc

TPXimpact Holdings PLC is a digitally native technology services business, at the forefront of a growing market, focused on end-to-end digital transformation. The company is organised into three operating segments: a) Consulting and innovation (including strategy consulting and service design); b) Software development – (including digital transformation, technical software development, cloud based services and IT implementation); c) Automation (including robotics, chatbots and Artificial Intelligence). TPXimpact Holdings serves customers worldwide. United Kingdom is the largest market, accounting for nearly 84% of FY 2021 sales, USA approximately 8%, Norway 3%, Switzerland 2%, EU 2% and other European countries for the last 1%.

Tpximpact Holdings Plc: sales by segment
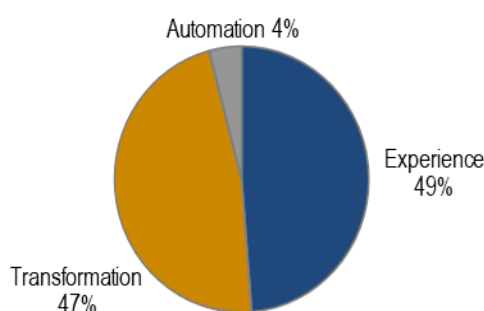
Source: Company data

Tpximpact Holdings Plc: historical data and consensus forecasts

GBp (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	51	79	95	109	17%
EBITDA	2	12	13	16	16%
(%)	4%	15%	14%	15%	
EBIT	-1.5	4.1	7.3	10	58%
(%)	-3%	5%	8%	9%	
Net Income	-2.2	2.2	4.2	7.2	81%
Dividend Yield	0.7	0.9	1.2	-16.2	
Net debt	7.7	13	6.3	-5.0	
Net Debt/EBITDA	4.3	1.1	0.5	-0.3	

Source: Bloomberg

Splunk Inc

Splunk's software platform allows users to process real-time data from different sources, systems, devices and formats, and turn it into information to support business decisions. In particular, Splunk's software solutions address a wide range of enterprises' needs, such as infrastructure and operations management, security and compliance, software development and IT operations, applications management and business analytics. The company offers two main solutions: 1) Splunk Enterprise, a real-time data platform comprised of collection, indexing, search, reporting, analysis, alerting, monitoring and data management capabilities, which uses a data processing architecture that performs dynamic schema creation at read time, rather than write time, enabling users to run queries on data without having to define or understand the structure of the data prior to collection and indexing; 2) Splunk Cloud, which consists of the Enterprise platform offered "as-a-Service".

Splunk Inc: sales by segment
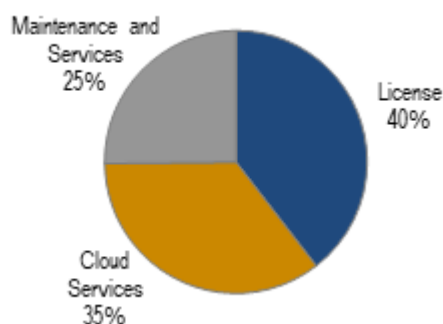
Source: Company data

Splunk Inc: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,229	2,549	3,330	4,057	26%
EBITDA	-605	-300	160	411	
(%)	-27%	-12%	5%	10%	
EBIT	-780	-396	69	252	
(%)	-35%	-16%	2%	6%	
Net Income	-908	-344	34	196	
Dividend Yield	0.0	0.0	0.0	-13.8	
Net debt	841	1,467	971	276	-57%
Net Debt/EBITDA	-1.4	-4.9	6.1	0.7	

Source: Bloomberg

IT Service and Consultancy

Accenture Plc

Accenture offers a portfolio of management consulting, strategy, digital, technology, interactive, and business operations services. The Company delivers a range of specialized capabilities and solutions to clients across all industries on a worldwide basis. Accenture's business is divided into five operating groups based on client industries: Products (28% of FY 21 sales, of which consumer goods, retail, travel, life sciences); Financial Services (20%); Communications, Media & Technology (20% of sales); Health & Public Service (about 19% of which private and public health organizations, educational institutions); and Resources (13% of which chemicals, energy, forestry, mining, and metals). The company makes about 47% of FY21 sales from North America, more than 33% from Europe, and the remainder 20% from its growth markets of the Middle East, the Asia/Pacific region, and Latin America.

Accenture Plc: sales by segment
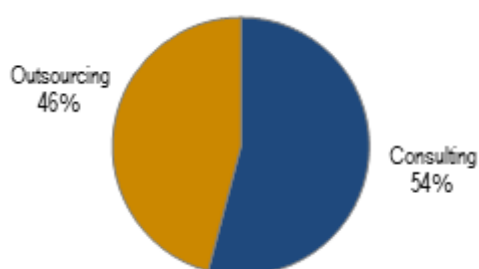
Source: Company data

Accenture Plc: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	50,533	61,622	66,801	71,532	8%
EBITDA	10,254	11,401	12,420	13,476	9%
(%)	20%	19%	19%	19%	
EBIT	7,622	9,355	10,292	11,258	10%
(%)	15%	15%	15%	16%	
Net Income	5,907	6,882	7,651	8,344	10%
Dividend Yield	1.4	1.5	1.6	-7.0	
Net debt	-4,666	-9,162	-11,215	-14,233	25%
Net Debt/EBITDA	-0.5	-0.8	-0.9	-1.1	

Source: Bloomberg

Capgemini Se

Capgemini SE provides consulting, technology, professional, and outsourcing services. The company operates through the following segments: Consulting Services, Technology & Engineering Services, Application Services and Other Managed Services. The Consulting Services segment aims to help the group's clients identify build and carry through transformation programs that will improve growth and sharpen their competitive edge on a long-term basis. The Technology & Engineering Services segment assistance and support to internal IT and engineering teams at client premises. The Outsourcing services business involves guiding and supporting a client's information systems and associated activities and helping clients in the outsourcing of their IT systems. The Local Professional services business delivers professional technology services to suit local requirements for infrastructures, applications, engineering, testing and operations. The company's operations consist of five reportable segments: USA (29% FY21 of sales), UK (about 12%), France (21%), Asia Pacific and Latin America (8%) and Rest of Europe (almost 30%).

Capgemini Se: sales by segment
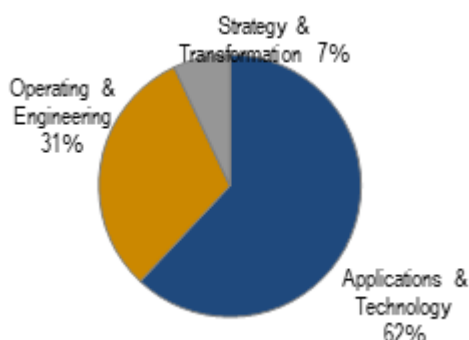
Source: Company data

Capgemini Se: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	18,160	20,586	22,162	23,769	7%
EBITDA	2,511	3,299	3,606	3,956	10%
(%)	14%	16%	16%	17%	
EBIT	1,839	2,511	2,806	3,132	12%
(%)	10%	12%	13%	13%	
Net Income	1,157	1,760	1,976	2,215	12%
Dividend Yield	1.7	1.9	2.1	-9.6	
Net debt	4,128	2,085	737	-774	
Net Debt/EBITDA	1.6	0.6	0.2	-0.2	

Source: Bloomberg

Tietoevry Oyj

TietoEVRY Oyj operates as a software and services company. The Company offers software engineering solution, cloud transformation, artificial intelligence tools, digitalization, and managed services. Tieto is one of the largest IT services company in the Nordic region, offering consulting, developing, and hosting services, as well as outsourced B2B services, enterprise application integration, and business process integration. The company focuses on several industries, including the banking, health care, and telecom sectors, as well as government agencies. Outside Northern Europe, Tieto has operations in a dozen other European countries, and in China, India, Malaysia, and Russia. Tieto generates its revenues in Norway (35% of FY21 sales), Sweden (about 34%), Finland (23%) and other countries (8%).

Tietoevry Oyj: sales by segment
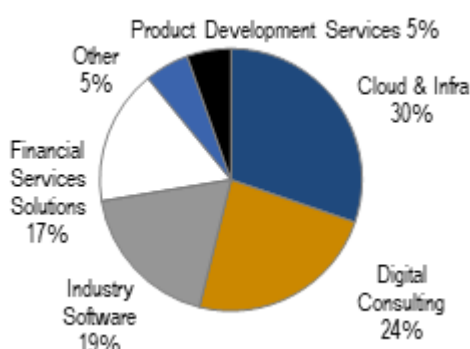
Source: Company data

Tietoevry Oyj: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,823	2,898	2,992	3,083	*3%*
EBITDA	542	450	509	535	*9%*
(%)	*19%*	*16%*	*17%*	*17%*	
EBIT	381	320	364	389	*10%*
(%)	*13%*	*11%*	*12%*	*13%*	
Net Income	292	235	272	291	*11%*
Dividend Yield	6.2	6.6	6.9	0.1	
Net debt	646	522	385	261	*-29%*
Net Debt/EBITDA	1.2	1.2	0.8	0.5	

Source: Bloomberg

Cancom Se

CANCOM SE is an integrated information technology services provider. CANCOM's products and services include security, network and system solutions, communication, storage, backup and archive services, and IT management. The company designs and integrates IT systems as well as distributes hardware and software. It also offers personnel services, handles support and repairs on site. It added cloud computing services, mobile solutions, data analytics, IT security, and shared managed services to its IT Services business. Most of CANCOM's revenue (about 90%) comes from Germany and Austria. CANCOM operates under two business segment: IT Solutions (it comprises of business related to comprehensive strategic and technical consulting and services for projects in the field of IT infrastructure) and Cloud Storage (it comprises of business with managed services as well as product and service businesses that can be allocated to managed service contracts. Around 75% of the company's sales were generated from the sale of goods, while services account for c. 25%.

Cancom Se: sales by segment
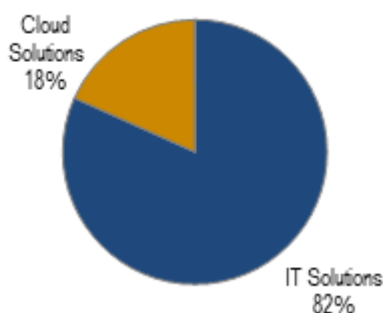
Source: Company data

Cancom Se: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	1,304	1,383	1,499	1,614	*8%*
EBITDA	132	129	141	154	*9%*
(%)	*10%*	*9%*	*9%*	*10%*	
EBIT	77	84	102	115	*17%*
(%)	*6%*	*6%*	*7%*	*7%*	
Net Income	273	58	68	76	*14%*
Dividend Yield	3.2	3.3	3.4	-12.5	
Net debt	-520	-577	-621	-666	*7%*
Net Debt/EBITDA	-3.9	-4.5	-4.4	-4.3	

Source: Bloomberg

Sopra Steria Group

Sopra Steria Group engages in the business of digital transformation. It provides consulting, systems integration, software development, infrastructure management and business process services. The firm also offers social business, mobility, big data, cloud, cybersecurity, enterprise architecture, enterprise resource planning, banking solutions, human resources solutions, real estate software, collaborative and information management. It serves the aerospace, insurance and social, banking, defence, homeland security, public sector and healthcare, telecommunications, media and entertainment, transport, retail and energy utilities sector.

Sopra Steria Group: sales by geography

France 47%
International 53%
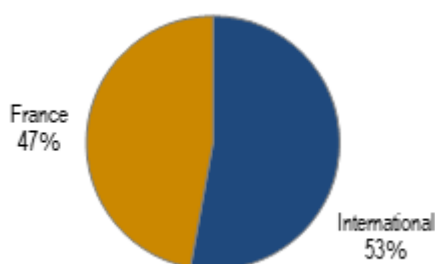
Source: Company data

Sopra Steria Group: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	4,683	5,003	5,260	5,481	*5%*
EBITDA	510	582	636	687	*9%*
(%)	*11%*	*12%*	*12%*	*13%*	
EBIT	304	384	443	494	*13%*
(%)	*6%*	*8%*	*8%*	*9%*	
Net Income	188	268	307	342	*13%*
Dividend Yield	2.5	2.8	2.8	-13.6	
Net debt	692	138	-42	-286	
Net Debt/EBITDA	1.4	0.2	-0.1	-0.4	

Source: Bloomberg

Alten Sa

Alten SA offers consulting and engineering services. The company offers Engineering and Technology Consulting in various industries such as Automotive (over 15% of sales), Aerospace (over 10%), Energy (more than 10%), Retail & Services, & Public Sector (over 10%), Banking Finance Insurance (nearly 10%) and Defense & Security, Rail & Naval, Telecoms and other industries (account for the rest), through solutions from its subsidiaries in Consulting, Expertise and Support. ALTEN provides a variety of services for clients across Europe (81% of FY21 sales, of which France is its largest market with 35%), as well as in the Asia Pacific (6%), Americas (13%), and Africa & Middle East. The engineering unit's core business includes outsourced R&D and conception & design, industrial process & manufacturing engineering, while IS & Internal network includes software & applications, and networks, infra, cloud, and security.

Alten Sa: sales by segment

IS & Internal Network 30%
Engineering 70%
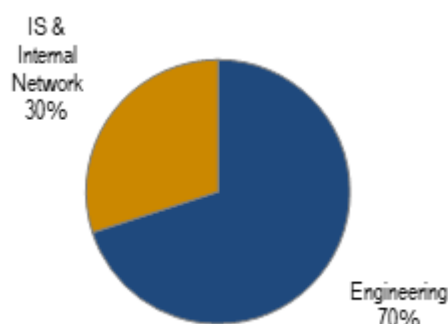
Source: Company data

Alten Sa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,925	3,522	3,839	4,086	*8%*
EBITDA	365	428	466	495	*8%*
(%)	*12%*	*12%*	*12%*	*12%*	
EBIT	288	359	394	423	*9%*
(%)	*10%*	*10%*	*10%*	*10%*	
Net Income	208	258	284	305	*9%*
Dividend Yield	1.3	1.3	1.3	-17.5	
Net debt	-37	-61	-121	-208	*85%*
Net Debt/EBITDA	-0.1	-0.1	-0.3	-0.4	

Source: Bloomberg

Gft Technologies Se

GFT Technologies offers software development and consulting services to clients primarily in the area of web-based IT systems. The Company offers IT-business consulting, digital design, system implementation, and support services. GFT Technologies is riding two trends in financial institutions: digitization and globalization. Its consultants and engineers work with banks and other financial institutions to prepare for the digital future with a host of exciting projects based on AI, blockchain, DevOps or data analytics. They also develop programs to help institutions maintain compliance with increasingly rigorous and complex regulations around the world. GFT Group are divided into two segments. GFT gets more than 32% of its FY21 revenues from UK, Brazil (26%), Canada (15%), USA (about 14%), Mexico (5%) and the rest comes from other countries.

Gft Technologies Se: sales by segment
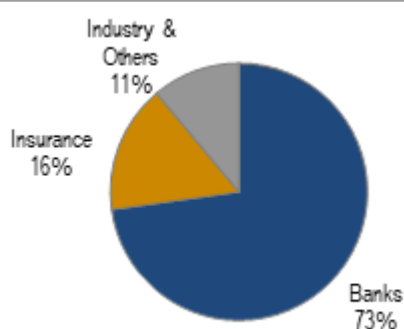
Gft Technologies Se: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	566	716	828	942	15%
EBITDA	61	79	94	110	18%
(%)	11%	11%	11%	12%	
EBIT	41	59	74	89	23%
(%)	7%	8%	9%	9%	
Net Income	30	41	52	63	24%
Dividend Yield	1.2	1.4	1.7	-19.9	
Net debt	40	-25	-65	-113	112%
Net Debt/EBITDA	0.7	-0.3	-0.7	-1.0	

Source: Company data

Source: Bloomberg

Sourcesense Spa

Sourcesense is an Italian IT company mainly active in Italy and UK which supplies IT services and solutions to its customers - usually large businesses and public institutions, The company supports them in their digital evolution choices and in the process of designing, integrating and developing systems and platforms. Sourcesense operates through open source technologies to develop software applications, which take full advantage of cloud infrastructure using "Agile" methodology, a project management methodology that uses short development cycles ("sprint") to focus on continuous improvement in the development of a product or a service. Customers include over 90 companies in Italy and over 40 abroad, among leaders in their reference markets (utility, telco, publishing, banking & insurance, fashion, etc.). The management aims at exploiting opportunities related with the scalable, most profitable Cloud Service and Enterprise App business. Italy is Sourcesense's largest market, accounting for nearly 84% of sales, and the Rest of the World (16%).

Sourcesense Spa: sales by segment
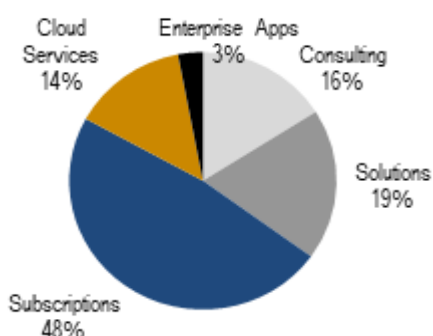
Sourcesense Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	22.6	27.8	33.2	38.0	17%
EBITDA	n.a.	4.1	5.1	6.1	22%
(%)		15%	15%	16%	
EBIT	n.a.	3.0	4.1	5.2	32%
(%)		11%	12%	14%	
Net Income	1.4	2.1	2.9	3.7	33%
Dividend Yield	n.a.	n.a.	n.a.	18.8	
Net debt	n.a.	-5.9	-8.4	-11	37%
Net Debt/EBITDA		-1.4	-1.6	-1.8	

Source: Company data

Source: Bloomberg

Italian peers

Reply Spa

Reply is an Italian IT consulting company and system integrator which specialises in big data and analytics, cloud computing, CRM, digital communication, e-commerce, IoT, mobile payments and social media. Reply serves large corporations in telco & media (25% of revenues), manufacturing and retail (35%), banks and insurance (26%), energy and utilities (8%) sectors, as well as public administrations (6%). Reply's offer is based on three main business line: Consulting (on strategy, communication, processes or technology), System integration, and Application management (management, monitoring and updating of IT applications). The company's operations consist of three reportable segments: Region 1 (IT, US, BR, 64% of FY 21 sales), Region 2 (GER, about 20%), and Region 3 (UK, BE, NL, LUX, FR, 16%). Reply's operations are divided into three segments: Processes (65% of FY 21 sales), Applications (25%) and Technologies (10%).

Reply Spa: sales by segment
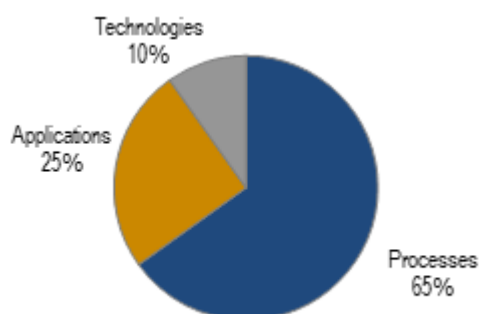
Source: Company data

Reply Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	1,484	1,758	1,949	2,159	*11%*
EBITDA	258	296	325	352	*9%*
(%)	*17%*	*17%*	*17%*	*16%*	
EBIT	209	242	268	295	*10%*
(%)	*14%*	*14%*	*14%*	*14%*	
Net Income	151	174	194	213	*10%*
Dividend Yield	0.8	0.8	0.9	-5.5	
Net debt	-193	-330	-475	-689	*45%*
Net Debt/EBITDA	-0.7	-1.1	-1.5	-2.0	

Source: Bloomberg

Expert.Ai Spa

Expert System is an Italian software house which develops an AI platform for language understanding. Its applications include knowledge management, customer service (e.g. chatbots, automated Q&A, virtual assistants), corporate intelligence, risk management (including predictive analysis) and process automation. Expert System's AI software address many verticals, such as banks and insurance companies (solutions for customer service and fraud detection), publishing and media (processing of data, text, categories and topics from online contents), public administration and energy. From a geographical standpoint, revenues are divided into four areas: Italy (47% of FY21 sales), UE excl. Italy (about 22%), US (21%) and Rest of the World (10%).

Expert.Ai Spa: sales by segment
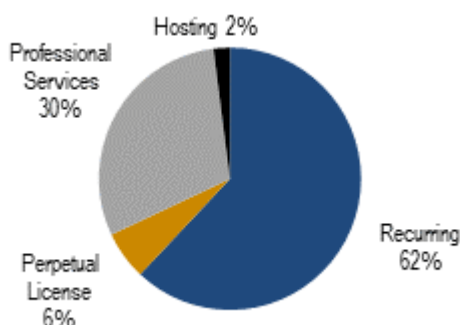
Source: Company data

Expert.Ai Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	31.1	39.2	49.2	70.8	*34%*
EBITDA	n.a.	-5.1	0.1	11.8	
(%)		*-13%*	*0%*	*17%*	
EBIT	n.a.	-13.4	-9.2	1.9	
(%)		*-34%*	*-19%*	*3%*	
Net Income	-15.7	-11.0	-8.0	1.0	
Dividend Yield	n.a.	n.a.	n.a.	-23.3	
Net debt	n.a.	12.5	15.0	11.0	*-6%*
Net Debt/EBITDA		-2.5	150.0	0.9	

Source: Bloomberg

Neosperience Spa

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 has internally designed Neosperience Cloud, an innovative cutting-hedge Customer Data Platform based on AI 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 experience based on their personality. It serves over 750 customers in several different industries, namely fashion & luxury, consumer goods, retail & distribution, energy, automotive, healthcare, travel & transportation, financial services. The group has about 150 employees and operates through several branches in Italy and a subsidiary in US.

Neosperience Spa: sales by segment
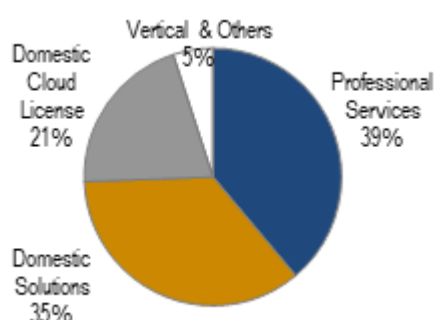
Source: Company data

Neosperience Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	18.2	25.5	31.7	37.4	21%
EBITDA	5.9	8.2	10.1	12.0	21%
(%)	0.3	0.3	0.3	0.3	
EBIT	1.5	3.2	5.1	7.0	48%
(%)	0.1	0.1	0.2	0.2	
Net Income	0.6	1.7	3.1	4.3	59%
Dividend Yield	n.a.	n.a.	n.a.	-10.2	
Net debt	4.3	4.4	0.1	-5.7	
Net Debt/EBITDA	0.7	0.5	0.0	-0.5	

Source: Bloomberg

Relatech Spa

Relatech provides innovative services and digital solutions, enabling the digital innovation of enterprises. Group's offer is centred on RePlatform, an internally developed digital cloud-based platform that leverages on the next frontier technologies (i.e. Big Data, Artificial Intelligence (AI), Internet of Things (IoT), Cloud, Augmented and Virtual Reality, Cybersecurity, Blockchain). RePlatorm is based on five suites of software (ReYou, ReData, ReThing, ReSec, and ReHub) making RLT the only Italian player able to satisfy customers' technological needs with a unique comprehensive platform. RLT provides both "vertical solutions" (i.e. Rezone – an AI Customer Engagement Solution for the retail industry – and ReFab4.0 – an AIoT predictive maintenance solution for Industry 4.0) and "tailor-made solutions" for a wide range of end-markets (i.e. Pharma&Healthcare, Telco, Finance, Utilities, Distribution and Retail).

Relatech Spa: sales by geography

Source: Company data

Relatech Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	n.a.	45.0	54.0	n.a.	
EBITDA	n.a.	10.0	12.0	n.a.	
(%)		0.2	0.2		
EBIT	n.a.	7.0	9.0	n.a.	
(%)		0.2	0.2		
Net Income	n.a.	6.0	8.0	n.a.	
Dividend Yield	n.a.	n.a.	n.a.	-19.3	
Net debt	n.a.	-6.0	-10.0	n.a.	
Net Debt/EBITDA		-0.6	-0.8		

Source: Bloomberg

Cy4Gate Spa

CY4gate is an Italian company that specialises in cyber electronic warfare and intelligence, which are mainly provided to enterprises and government. The AI-based solutions developed by CY4gate include an intelligence analytics platform, which can process heterogeneous data flows and turn it into strategic intelligence outcome; real-time analytics for cyber security monitoring and response solution; products meant to support law enforcement agencies and security agency when conducting lawful interception operations. The company also provides recruiting, educational and training programs related to cybersecurity and cyber intelligence.

Cy4Gate Spa: sales by geography

Italy 30%

Rest of the World 70%
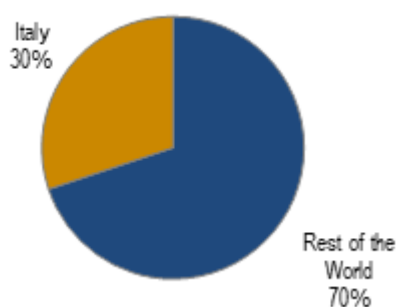
Source: Company data

Cy4Gate Spa: historical data and consensus forecasts

EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	17.9	64.5	86.5	93.5	20%
EBITDA	7.5	19.5	27.5	30.0	24%
(%)	0.4	0.3	0.3	0.3	
EBIT	4.1	14.5	21.0	23.0	26%
(%)	0.2	0.2	0.2	0.2	
Net Income	5.2	10.0	14.5	16.0	26%
Dividend Yield	n.a.	n.a.	n.a.	-16.4	
Net debt	-2.3	-4.0	-11.0	-21.0	129%
Net Debt/EBITDA	-0.3	-0.2	-0.4	-0.7	

Source: Bloomberg

PNRR is a boost for Italian IT services

Europe has replied to the pandemic crisis with an unprecedented financial commitment, the Next Generation EU (NGEU) program, launched in July 2020 and worth a total of EUR 750bn between grants (EUR 390bn) and loans (EUR 360bn) to be provided between 2021 and 2026 and financed with the issue of common European debt. The NGEN is composed of several chapters, the largest is Recovery and Resilience Facility (RRF) worth EUR 672m, followed by ReactEU (*Support for Cohesion and Territories in Europe*) worth EUR 47.5m and the Just Transition Fund (EUR 10bn). The objective is to mitigate the economic and social consequences of the pandemic, allowing European economies to be more resilient and better prepared for the challenges of ecological and digital transitions. Other spending chapters include Rural Development Fund (EUR 7.5m), InvestEU (EUR 5.6bn), Horizon Europe (EUR 5.0bn) and RescuEU (natural disaster relief and health crisis, EUR 1.9bn).

Italy is the main beneficiary of the NGEU plan based on population, unemployment and pandemic impact on GDP decline in 2020. The RFF alone will grant to our country EUR 191.5bn (28.5% of the total) including EUR 68.9bn grants and EUR 122.6bn loans to be deployed by the end of 2026. The portion of ReactEU is worth EUR 13.5bn (28.5%). The total funds available for Italy are EUR 235.1bn.

The Italian document, filed to the EU for the attribution of communitarian funds, dubbed **PNRR "Piano Nazionale di Ripresa e Resilienza" or RRF "Recovery and Resilience Facility" includes 6 "Missions"**, namely 1) digitalization, innovation, competition, culture and tourism (EUR 49.86bn incl. all available funds), 2) green revolution and ecologic transition (EUR 69.94bn); 3) infrastructures for sustainable mobility (EUR 31.46bn); 4) education & research (EUR 33.81bn); 5) cohesion & inclusion (EUR 29.83bn); 6) healthcare (EUR 20.23bn).

Digitalisation is the second largest mission worth almost EUR 50bn including EUR 40.3bn from PNRR and EUR 9.5bn from other funds. The mission is composed of chapters involving

a) **Public Administration** (EUR 9.75bn) M1C1: "Digitize the Italian Public Administration with wide-ranging technological interventions accompanied by structural reforms", including PA Digitization, 2) PA innovation and 3) Organizational innovation of the judicial system.

b) **Enterprise** (EUR 23.9bn) M1C2: DIGITIZATION, INNOVATION AND COMPETITIVENESS IN THE PRODUCTION SYSTEM, including transition 4.0, high tech investments, ultra-broadband and satellite networks and reform of the industrial property system.

c) **Tourism & Culture** (EUR 6.68bn) M1C3, including "Digital strategy and platforms for cultural heritage", REGENERATION OF SMALL CULTURAL SITES, CULTURAL, RELIGIOUS AND RURAL HERITAGE, CULTURAL AND CREATIVE INDUSTRY 4.0, Tourism 4.0 (for example Digital tourism hub)

We note that "Mission 1" includes a significant telco component, with EUR 3.8bn funds dedicated to fixed ultra-broadband ("Italia a 1Giga," tenders for "grey areas"), EUR 1.9bn to mobile (Italia a 5G), EUR 0.7bn for connected schools, EUR 0.9bn for the second phase of connection vouchers and the National Strategic Plan for cloud services (EUR 1.9bn) which is a key pillar for the Public Administration modernization. The transition to industry 4.0 includes funds for a total of EUR 18.5bn, making it the largest chapter in Mission 1.

Clearly, most but not all the investment projects included in Mission 1 are directly related to ICT investments, especially in M1C3 and in all the training/education project included in the other two chapters. On the other hand, the other 5 Missions include several projects that involve direct IT spend or can have an indirect positive impact. For instance, there are EUR 7bn in Mission 6 dedicated to "Digital Healthcare", including Telemedicine, and EUR 2.9bn in Mission 5 dedicated to "Smart Cities". Based on the abovementioned Missions and compared to the "as is" growth rate forecasts by vertical, the main beneficiaries of the PNRR would be telcos, Public Administrations, Manufacturing, and Healthcare.

Assinform estimates that the total ICT impact on the PNRR is worth EUR 41.1bn of which EUR 29bn granted in 2021/24 according to the timeline below.

Italian RRF (AKA "PNRR"), ICT impact 2021/24 by Mission

	2021	2022	2023	2024
M1C1: PA - DIGITALIZZAZIONE, INNOVAZIONE E SICUREZZA NELLA PA				
1: Digitalizzazione PA	451	938	1.316	1.516
M1C2: DIGITALIZZAZIONE, INNOVAZIONE E COMPETITIVITÀ NEL SISTEMA PRODUTTIVO				
1: Competitività Sistema Produttivo	1.928	4.909	5.555	4.799
M1C3: TURISMO E CULTURA 4.0				
1: Patrimonio culturale di prossima generazione	11	59	124	147
2: Turismo 4.0	6	24	33	27
3: Industria culturale e ricreativa 4.0	6	6	34	34
M2C4: AMBIENTE - TUTELA DEL TERRITORIO E DELLA RISORSA IDRICA				
1: Rafforzare la capacità previsionale degli effetti del cambiamento climatico	0	150	150	100
3: Salvaguardare la qualità dell'aria e la biodiversità del territorio attraverso la tutela delle aree verdi	9	26	27	19
M3C2: INTERMODALITÀ E LOGISTICA INTEGRATA				
2: Logistica Integrata	38	41	44	76
M4C1: POTENZIAMENTO DELL'OFFERTA DEI SERVIZI DI ISTRUZIONE: DAGLI ASILI NIDO ALLE UNIVERSITÀ				
2: Miglioramento dei processi di reclutamento e di formazione degli insegnanti	150	200	300	100
3: Ampliamento delle competenze e potenziamento delle infrastrutture	0	550	450	550
M6C1: SANITA' - RETI DI PROSSIMITÀ, STRUTTURE E TELEMEDICINA PER L'ASSISTENZA SANITARIA TERRITORIALE				
1: Reti di prossimità, strutture e telemedicina per l'assistenza sanitaria	108	216	293	335
M6C2.1: SANITA' - AGGIORNAMENTO TECNOLOGICO E DIGITALE	419	373	499	695
INVESTIMENTI NEL DIGITALE DAL FONDO COMPLEMENTARE (D.L. 59 2021)				
1) Servizi digitali e cittadinanza digitale - Piattaforma PagoPA e App « IO »	50	100	100	50
2) Servizi digitali e cittadinanza digitale – Piattaforma notifiche digitali	1	47	27	29
3) Strade sicure – Messa in sicurezza e implementazione di un sistema di monitoraggio dinamico per il controllo da remoto di ponti, viadotti e tunnel (A24 – A25)	150	150	90	337
4) Strade sicure – Implementazione di un sistema di monitoraggio dinamico per il controllo da remoto di ponti, viadotti e tunnel della rete viaria principale	25	50	100	100
TOTALE INVESTIMENTI PNRR E FONDO COMPLEMENTARE IN TECNOLOGIE E DIGITALIZZAZIONE	**3.352**	**7.839**	**9.142**	**8.915**

Source: Assinform, November 2021

Spindox: Summary tables

PROFIT & LOSS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Sales	**52.4**	**57.4**	**67.8**	**78.4**	**84.9**	**92.0**
Cost of Sales & Operating Costs	-49.7	-53.3	-62.5	-72.0	-77.6	-83.9
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**2.7**	**4.1**	**5.3**	**6.4**	**7.2**	**8.1**
EBITDA (adj.)*	**2.7**	**4.1**	**5.3**	**6.4**	**7.2**	**8.1**
Depreciation	-1.1	-1.0	-1.1	-1.4	-1.6	-1.8
EBITA	**1.6**	**3.0**	**4.2**	**5.1**	**5.6**	**6.3**
EBITA (adj)*	**1.6**	**3.0**	**4.2**	**5.1**	**5.6**	**6.3**
Amortisations and Write Downs	-0.1	-0.1	-0.3	-0.5	-0.5	-0.5
EBIT	**1.5**	**2.9**	**4.0**	**4.6**	**5.1**	**5.8**
EBIT (adj.)*	**1.5**	**2.9**	**4.0**	**4.6**	**5.1**	**5.8**
Net Financial Interest	-0.3	-0.4	-0.3	-0.4	-0.6	-0.5
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**1.2**	**2.5**	**3.6**	**4.2**	**4.6**	**5.3**
Tax	-0.4	-1.0	-1.0	-1.1	-1.2	-1.3
Tax rate	*35.5%*	*40.2%*	*26.9%*	*25.5%*	*25.5%*	*25.4%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	**0.7**	**1.5**	**2.7**	**3.1**	**3.4**	**3.9**
Net Profit (adj.)	**0.8**	**1.6**	**2.8**	**3.5**	**3.8**	**4.3**

CASH FLOW (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Cash Flow from Operations before change in NWC	2.0	2.7	4.0	5.0	5.5	6.2
Change in Net Working Capital	0.3	-1.7	-4.2	4.2	2.8	1.5
Cash Flow from Operations	**2.3**	**1.0**	**-0.2**	**9.2**	**8.3**	**7.7**
Capex	-1.3	-2.5	-1.5	-1.8	-1.9	-2.1
Net Financial Investments	0.0	-2.0	-10.6	-4.0	0.0	0.0
Free Cash Flow	**1.0**	**-3.5**	**-12.3**	**3.4**	**6.4**	**5.6**
Dividends	0.0	0.0	-0.3	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Financial Debt	**1.0**	**-3.5**	**-12.7**	**3.4**	**6.4**	**5.6**
NOPLAT	0.9	1.7	2.4	2.8	3.1	3.5

BALANCE SHEET & OTHER ITEMS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Tangible Assets	2.3	1.6	1.4	1.8	2.1	2.4
Net Intangible Assets (incl.Goodwill)	1.0	2.8	3.3	6.8	6.4	5.9
Net Financial Assets & Other	1.6	2.4	12.9	12.9	12.9	12.9
Total Fixed Assets	**4.9**	**6.8**	**17.6**	**21.5**	**21.4**	**21.2**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	17.6	20.0	22.3	27.6	29.9	32.4
Other current assets	0.0	1.6	2.1	2.3	2.5	2.7
Cash (-)	-6.0	-7.8	-16.8	-14.3	-14.6	-15.8
Total Current Assets	**23.7**	**29.4**	**41.1**	**44.2**	**47.0**	**50.9**
Total Assets	**28.5**	**36.2**	**58.7**	**65.7**	**68.4**	**72.2**
Shareholders Equity	2.1	4.4	13.8	16.9	20.3	24.2
Minority	0.0	0.0	0.0	0.1	0.2	0.3
Total Equity	**2.1**	**4.4**	**13.8**	**17.0**	**20.5**	**24.5**
Long term interest bearing debt	3.8	6.2	10.7	12.3	12.0	11.0
Provisions	0.1	0.1	0.1	0.2	0.2	0.2
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	**3.9**	**6.3**	**10.8**	**12.5**	**12.2**	**11.2**
Short term interest bearing debt	5.0	3.8	5.5	6.3	6.1	5.6
Trade payables	4.1	6.1	8.3	10.6	10.3	10.0
Other current liabilities	13.4	15.7	20.3	19.4	19.3	20.9
Total Current Liabilities	**22.5**	**25.5**	**34.1**	**36.3**	**35.7**	**36.5**
Total Liabilities and Shareholders' Equity	**28.5**	**36.2**	**58.7**	**65.7**	**68.4**	**72.2**
Net Capital Employed	**5.0**	**6.7**	**13.3**	**21.5**	**24.2**	**25.5**
Net Working Capital	**0.1**	**-0.1**	**-4.3**	**-0.1**	**2.8**	**4.2**

GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Sales growth	*22.8%*	*9.5%*	*18.1%*	*15.7%*	*8.2%*	*8.4%*
EBITDA (adj.)* growth	***23.6%***	***50.6%***	***30.1%***	***21.0%***	***12.0%***	***11.8%***
EBITA (adj.)* growth	*22.2%*	*90.6%*	*39.1%*	*20.1%*	*10.5%*	*11.8%*
EBIT (adj)*growth	*24.4%*	*96.9%*	*36.5%*	*15.9%*	*11.5%*	*12.9%*

Spindox: Summary tables

GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Profit growth	*33.4%*	*93.3%*	*80.0%*	*22.6%*	*7.9%*	*13.2%*
EPS adj. growth	*33.4%*	*93.3%*	*-91.0%*	*22.6%*	*7.9%*	*13.2%*
DPS adj. growth		*n.m.*	*n.m.*			
EBITDA (adj)* margin	*5.2%*	*7.1%*	*7.8%*	*8.2%*	*8.5%*	*8.8%*
EBITA (adj)* margin	*3.0%*	*5.3%*	*6.2%*	*6.5%*	*6.6%*	*6.8%*
EBIT (adj)* margin	*2.8%*	*5.1%*	*5.9%*	*5.9%*	*6.1%*	*6.3%*

RATIOS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Debt/Equity	1.3	0.5	0.0	0.3	0.2	0.0
Net Debt/EBITDA	1.0	0.5	-0.1	0.7	0.5	0.1
Interest cover (EBITDA/Fin.interest)	8.3	10.4	15.9	16.1	12.9	14.8
Capex/D&A	111.7%	239.3%	141.7%	131.7%	121.1%	117.4%
Capex/Sales	2.4%	4.4%	2.3%	2.3%	2.3%	2.3%
NWC/Sales	0.1%	-0.2%	-6.4%	-0.1%	3.2%	4.6%
ROE (average)	44.9%	48.6%	31.3%	22.7%	20.2%	19.1%
ROCE (adj.)	26.6%	40.4%	692.0%	32.4%	27.5%	27.8%
WACC	9.0%	9.0%	0.0%	0.0%	0.0%	0.0%
ROCE (adj.)/WACC	3.0	4.5	n.m.	n.m.	n.m.	n.m.

PER SHARE DATA (EUR)***	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Average diluted number of shares	0.3	0.3	6.0	6.0	6.0	6.0
EPS (reported)	2.48	5.02	0.44	0.52	0.57	0.65
EPS (adj.)	2.73	5.27	0.47	0.58	0.63	0.71
BVPS	7.01	14.69	2.30	2.82	3.39	4.04
DPS	0.00	1.16	0.00	0.00	0.00	0.00

VALUATION	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
EV/Sales			1.4	0.8	0.7	0.7
EV/EBITDA			18.1	9.9	8.7	7.5
EV/EBITDA (adj.)*			**18.1**	**9.9**	**8.7**	**7.5**
EV/EBITA			22.8	12.5	11.2	9.6
EV/EBITA (adj.)*			**22.8**	**12.5**	**11.2**	**9.6**
EV/EBIT			24.2	13.8	12.2	10.3
EV/EBIT (adj.)*			**24.2**	**13.8**	**12.2**	**10.3**
P/E (adj.)			**38.6**	**20.6**	**19.1**	**16.9**
P/BV			8.0	4.3	3.5	3.0
Total Yield Ratio			0.0%	0.0%	0.0%	0.0%
EV/CE			n.m.	7.4	5.6	4.8
OpFCF yield			-1.6%	10.3%	8.9%	7.7%
OpFCF/EV			-1.8%	11.7%	10.2%	9.3%
Payout ratio	0.0%	23.1%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)			0.0%	0.0%	0.0%	0.0%

EV AND MKT CAP (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Price** (EUR)			18.30	12.00	12.00	12.00
Outstanding number of shares for main stock	0.3	0.3	6.0	6.0	6.0	6.0
Total Market Cap			**109.8**	**72.0**	**72.0**	**72.0**
Gross Financial Debt (+)	8.8	9.9	16.1	18.6	18.1	16.6
Cash & Marketable Securities (-)	-6.0	-7.8	-16.8	-14.3	-14.6	-15.8
Net Financial Debt	**2.7**	**2.2**	**-0.6**	**4.3**	**3.5**	**0.8**
Lease Liabilities (+)						
Net Debt	**2.7**	**2.2**	**-0.6**	**4.3**	**3.5**	**0.8**
Other EV components	**-1.5**	**-2.3**	**-12.8**	**-12.8**	**-12.8**	**-12.8**
Enterprise Value (EV adj.)			**96.4**	**63.5**	**62.7**	**60.0**

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Technology/Computer Services

Company Description: IOL (Italia on Line) is a leading player in the Italian advertising space, including print and digital media, local and national coverage. The company was created in June 2016 through the merger of the former directories player SEAT with the portal operator Italia on Line.

European Coverage of the Members of ESN

Automobiles & Parts	Mem(*)
Brembo	BAK
Faurecia	CIC
Ferrari	BAK
Gestamp	GVC
Indelb	BAK
Michelin	CIC
Pirelli & C.	BAK
Plastic Omnium	CIC
Renault	CIC
Sogefi	BAK
Stellantis	BAK
Valeo	CIC

Banks	Mem(*)
Banca Mps	BAK
Banco Sabadell	GVC
Banco Santander	GVC
Bankinter	GVC
Bbva	GVC
Bnp Paribas	CIC
Bper	BAK
Caixabank	GVC
Credem	BAK
Credit Agricole Sa	CIC
Intesa Sanpaolo	BAK
Societe Generale	CIC
Unicaja Banco	GVC
Unicredit	BAK

Basic Resources	Mem(*)
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Ence	GVC
Neodecortech	BAK
Semapa	CBI
The Navigator Company	CBI
Tubacex	GVC

Chemicals	Mem(*)
Air Liquide	CIC
Arkema	CIC
Plasticos Compuestos	GVC

Consumer Products & Services	Mem(*)
Abeo	CIC
Beneteau	CIC
Brunello Cucinelli	BAK
Capelli	CIC
De Longhi	BAK
Europcar	CIC
Fila	BAK
Geox	BAK
Givaudan	CIC
Groupe Seb	CIC
Hermes Intl.	CIC
Hexaom	CIC
Interparfums	CIC
Kaufman & Broad	IAC

Kering	CIC
L'Oreal	CIC
Lvmh	CIC
Maisons Du Monde	CIC
Moncler	BAK
Monnalisa	BAK
Ovs	BAK
Piaggio	BAK
Richemont	CIC
Safilo	BAK
Salvatore Ferragamo	BAK
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Tod'S	BAK
Trigano	CIC
Ubisoft	CIC

Energy	Mem(*)
Cgg	CIC
Ecoslops	CIC
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Gtt	CIC
Maurel Et Prom	CIC
Neoen	CIC
Plc	BAK
Repsol	GVC
Rubis	CIC
Saipem	BAK
Technip Energies	CIC
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Totalenergies	CIC
Vallourec	CIC

Fin. Serv. Holdings	Mem(*)
Cir	BAK
Corp. Financiera Alba	GVC
Digital Magics	BAK
Eurazeo	CIC
Gbl	CIC
Peugeot Invest	CIC
Rallye	CIC
Tip Tamburi Investment Partners	BAK
Wendel	CIC

Fin. Serv. Industrials	Mem(*)
Dovalue	BAK
Nexi	BAK
Tinexta	BAK

Financial Services Banks	Mem(*)
Amundi	CIC
Anima	BAK
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK

Banca Mediolanum	BAK
Banca Sistema	BAK
Bff Bank	BAK
Dea Capital	BAK
Finecobank	BAK
Illimity Bank	BAK
Mediobanca	BAK
Poste Italiane	BAK
Rothschild & Co	CIC

Food & Beverage	Mem(*)
Advini	CIC
Bonduelle	CIC
Campari	BAK
Danone	CIC
Diageo	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Italian Wine Brands	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lindt & Sprüngli	CIC
Nestle	CIC
Orsero	BAK
Pernod Ricard	CIC
Remy Cointreau	CIC
Tipiak	CIC
Vilmorin	CIC
Viscofan	GVC
Vranken	CIC

Healthcare	Mem(*)
Abionyx Pharma	CIC
Amplifon	BAK
Atrys Health	GVC
Biomerieux	CIC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Fine Foods	BAK
Genfit	CIC
Gpi	BAK
Guerbet	CIC
Ipsen	CIC
Korian	CIC
Oncodesign	CIC
Orpea	CIC
Prim Sa	GVC
Recordati	BAK
Shedir Pharma	BAK
Theraclion	CIC
Vetoquinol	CIC
Virbac	CIC
Vytrus Biotech	GVC

Industrial Goods & Services	Mem(*)
Applus	GVC
Avio	BAK
Biesse	BAK
Bollore	CIC
Bureau Veritas	CIC
Caf	GVC
Catenon	GVC
Cellnex Telecom	GVC
Cembre	BAK
Clasquin	IAC
Cnh Industrial	BAK
Corticeira Amorim	CBI
Ctt	CBI
Danieli	BAK
Datalogic	BAK
Enav	BAK
Enogia	CIC
Exel Industries	CIC
Fiera Milano	BAK
Fincantieri	BAK
Getlink	CIC
Global Dominion	GVC
Haulotte Group	CIC
Interpump	BAK
Inwit	BAK
Legrand	CIC
Leonardo	BAK
Logista	GVC
Manitou	CIC
Nbi Bearings Europe	GVC
Nicolas Correa	GVC
Openjobmetis	BAK
Osai	BAK
Prima Industrie	BAK
Prosegur	GVC
Prosegur Cash	GVC
Prysmian	BAK
Rai Way	BAK
Rexel	CIC
Saes	BAK
Salcef	BAK
Schneider Electric Se	CIC
Somfy	CIC
Talgo	GVC
Teleperformance	CIC
Verallia	CIC
Vidrala	GVC
Zignago Vetro	BAK

Insurance	Mem(*)
Axa	CIC
Catalana Occidente	GVC
Cattolica Assicurazioni	BAK
Generali	BAK
Linea Directa Aseguradora	GVC
Mapfre	GVC

Net Insurance	BAK	**Personal Care, Drug & Grocery S**	**Mem(*)**	Vodafone	BAK
Unipolsai	BAK	Carrefour	CIC	**Travel & Leisure**	**Mem(*)**
Materials, Construction	**Mem(*)**	Casino	CIC	Accor	CIC
Acs	GVC	Jeronimo Martins	CBI	Autogrill	BAK
Aena	GVC	Marr	BAK	Compagnie Des Alpes	CIC
Atlantia	BAK	Sonae	CBI	Edreams Odigeo	GVC
Buzzi Unicem	BAK	Unilever	CIC	Elior	CIC
Cementir	BAK	Winfarm	CIC	Fdj	CIC
Cementos Molins	GVC	**Real Estate**	**Mem(*)**	Groupe Partouche	IAC
Clerhp Estructuras	GVC	Almagro Capital	GVC	Hunyvers	CIC
Crh	CIC	Igd	BAK	I Grandi Viaggi	BAK
Eiffage	CIC	Lar España	GVC	Ibersol	CBI
Fcc	GVC	Merlin Properties	GVC	Int. Airlines Group	GVC
Ferrovial	GVC	Realia	GVC	Melia Hotels International	GVC
Groupe Adp	CIC	**Retail**	**Mem(*)**	Nh Hotel Group	GVC
Groupe Poujoulat	CIC	Burberry	CIC	Pierre Et Vacances	CIC
Groupe Sfpi S.A.	CIC	Fnac Darty	CIC	Sodexo	CIC
Heidelberg Cement	CIC	Inditex	GVC	**Utilities**	**Mem(*)**
Herige	CIC	Unieuro	BAK	A2A	BAK
Holcim	CIC	**Technology**	**Mem(*)**	Acciona	GVC
Imerys	CIC	Agile Content	GVC	Acea	BAK
Maire Tecnimont	BAK	Akka Technologies	CIC	Albioma	CIC
Mota Engil	CBI	Almawave	BAK	Alerion Clean Power	BAK
Obrascon Huarte Lain	GVC	Alten	CIC	Audax	GVC
Sacyr	GVC	Amadeus	GVC	Derichebourg	CIC
Saint-Gobain	CIC	Atos	CIC	Edf	CIC
Sciuker Frames	BAK	Axway Software	CIC	Edp	CBI
Sergeferrari Group	CIC	Capgemini	CIC	Enagas	GVC
Spie	CIC	Cast	CIC	Encavis Ag	CIC
Tarkett	CIC	Dassault Systemes	CIC	Endesa	GVC
Thermador Groupe	CIC	Esi Group	CIC	Enel	BAK
Vicat	CIC	Exprivia	BAK	Engie	CIC
Vinci	CIC	Gigas Hosting	GVC	E-Pango	CIC
Webuild	BAK	Indra Sistemas	GVC	Erg	BAK
Media	**Mem(*)**	Izertis	GVC	Falck Renewables	BAK
Arnoldo Mondadori Editore	BAK	Lleida.Net	GVC	Greenalia	GVC
Atresmedia	GVC	Memscap	IAC	Greenvolt	CBI
Believe	CIC	Neurones	CIC	Hera	BAK
Cairo Communication	BAK	Ovhcloud	CIC	Holaluz	GVC
Digital Bros	BAK	Reply	BAK	Iberdrola	GVC
Gl Events	CIC	Sii	CIC	Iren	BAK
Il Sole 24 Ore	BAK	Sopra Steria Group	CIC	Italgas	BAK
Ipsos	CIC	Stmicroelectronics	BAK	Naturgy	GVC
Jcdecaux	CIC	Tier 1 Technology	GVC	Red Electrica Corporacion	GVC
Lagardere	CIC	Visiativ	CIC	Ren	CBI
M6	CIC	Vogo	CIC	Seche Environnement	CIC
Mediaset Espana	GVC	**Telecommunications**	**Mem(*)**	Snam	BAK
Mfe-Mediaforeurope	BAK	Bouygues	CIC	Solaria	GVC
Miogroup	GVC	Ekinops	CIC	Terna	BAK
Nrj Group	CIC	Ezentis	GVC	Veolia	CIC
Prisa	GVC	Nos	CBI	Voltalia	CIC
Publicis	CIC	Orange	CIC		
Rcs Mediagroup	BAK	Telecom Italia	BAK		
Tf1	CIC	Telefonica	GVC		
Universal Music Group	CIC	Tiscali	BAK		
Vivendi	CIC	Unidata	BAK		

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores | as at 4 May 2022

List of ESN Analysts (**)

Artur Amaro	CBI	+351 213 89 6822	artur.amaro@caixabi.pt
Andrea Bonfà	BAK	+39 02 4344 4269	andrea.bonfa@bancaakros.it
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Pierre Chédeville	CIC	+33 1 53 48 80 97	pierre.chedeville@cic.fr
Emmanuel Chevalier	CIC	+33 1 53 48 80 72	emmanuel.chevalier@cic.fr
David Da Maia	CIC	+33 1 53 48 89 36	david.damaia@cic.fr
Dominique Descours	CIC	+33 1 53 48 81 12	dominique.descours@cic.fr
Christian Devismes	CIC	+33 1 53 48 80 85	christian.devismes@cic.fr
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it
Rafael Fernández de Heredia	GVC	+34 91 436 78 08	rafael.fernandezdeheredia@gvcgaesco.es
Gian Marco Gadini	BAK	+39 02 4344 4236	gianmarco.gadini@bancaakros.it
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Alexandre Gérard	CIC	+33 1 53 48 80 93	alexandre.gerard@cic.fr
Ebrahim Homani	CIC	+33 1 53 48 80 94	ebrahim.homani@cic.fr
Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Jean-Christophe Lefèvre-Moulenq	CIC	+33 1 53 48 80 65	jeanchristophe.lefevremoulenq@cic.fr
Eric Lemarié	CIC	+33 1 53 48 64 25	eric.lemarie@cic.fr
João Miguel Lourenço	CBI	+35 121 389 6841	joao.lourenco@caixabi.pt
Marisa Mazo, Ph.D, CFA	GVC	+34 91 436 7817	marisa.mazo@gvcgaesco.es
Fanny Meindre, PhD	CIC	+33 1 53 48 80 84	fanny.meindre@cic.fr
Jaime Pallares Garcia	GVC	+34 91 436 7818	jaime.pallares@gvcgaesco.es
Arnaud Palliez	CIC	+33 1 41 81 74 24	arnaud.palliez@cic.fr
Victor Peiro Pérez	GVC	+34 91 436 7812	victor.peiro@gvcgaesco.es
Juan Peña	GVC	+34 91 436 78 16	juan.pena@gvcgaesco.es
Alexandre Plaud	CIC	+33 1 53 48 80 90	alexandre.plaud@cic.fr
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cic.fr
Eric Ravary	CIC	+33 1 53 48 80 71	eric.ravary@cic.fr
Iñigo Recio Pascual	GVC	+34 91 436 7814	inigo.recio@gvcgaesco.es
Jean-Luc Romain	CIC	+33 1 53 48 80 66	jeanluc.romain@cic.fr
Virginie Royère, CFA	CIC	+33 1 53 48 76 52	virginie.royere@cic.fr
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Andrea Devita e Gian Marco Gadini (soci AIAF) che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 8 July 2022, ore 14:48 italiane.**

Gli analisti di Banca Akros, che hanno redatto il presente documento, hanno maturato una significativa esperienza presso Banca Akros e altri intermediari.

Detti analisti e i loro familiari non detengono Strumenti Finanziari emessi dagli Emittenti oggetto di analisi, né svolgono ruoli di amministrazione, direzione o consulenza per gli Emittenti, né gli analisti ricevono bonus, stipendi o altre forme di retribuzione correlate, direttamente o indirettamente, al successo di operazioni di investment banking.

Banca Akros, nell'ultimo anno, non ha pubblicato studi sulla società oggetto di analisi in quanto si tratta di inizio copertura.

Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/958, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto Banca Akros svolge il ruolo di Corporate Broker.**

Banca Akros è una banca autorizzata anche alla prestazione di servizi di investimento appartenente al Gruppo Banco BPM (il "Gruppo"), ed è soggetta all'attività di direzione e coordinamento di Banco BPM (la "Capogruppo"). La banca è iscritta all'albo delle Banche al n. 5328 ed è soggetta alla regolamentazione e alla vigilanza di Banca d'Italia e Consob.

La banca ha prodotto il presente documento solo ed esclusivamente per i propri clienti professionali ai sensi della Direttiva 2014/65/EU, del Regolamento Delegato 2016/958 e dell'Allegato 3 del Regolamento Intermediari Consob (Delibera Consob n. 20307).

Banca Akros rende disponibili informazioni sui conflitti di interesse, ai sensi delle disposizioni contenute nell'art. 20 del Regolamento EU 2014/596 (Regolamento sugli Abusi di Mercato) e in particolare ai sensi degli artt. 5 e 6 del Regolamento Delegato EU 2016/958, sul proprio sito internet:

https://www.bancaakros.it/documentazione/avvertenze-legali/

Le informazioni e le opinioni contenute in questo documento si basano su fonti ritenute attendibili. La provenienza di dette informazioni e il fatto che si tratti di informazioni già rese note al pubblico è stata oggetto di ogni ragionevole verifica da parte di Banca Akros. Banca Akros tuttavia, nonostante le suddette verifiche, non può garantire in alcun modo né potrà in nessun caso essere ritenuta responsabile qualora le informazioni alla stessa fornite, riprodotte nel presente documento, ovvero sulla base delle quali è stato redatto il presente documento, si rivelino non accurate, complete, veritiere ovvero non corrette.

Il documento è fornito a solo scopo informativo; esso non costituisce proposta contrattuale, offerta o sollecitazione all'acquisto e/o alla vendita di strumenti finanziari o, in genere, all'investimento, né costituisce consulenza in materia di investimenti. Banca Akros non fornisce alcuna garanzia di raggiungimento di qualunque previsione e/o stima contenuto nel documento stesso. Inoltre, Banca Akros non assume alcuna responsabilità in merito a qualsivoglia conseguenza e/o danno derivante dall'utilizzo del presente documento e/o delle informazioni in esso contenute. Le informazioni o le opinioni ivi contenute possono variare senza alcun conseguente obbligo di comunicazione in capo a Banca Akros, fermi restando eventuali obblighi di legge o regolamentari. E' vietata la riproduzione e/o la ridistribuzione, in tutto o in parte, direttamente o indirettamente, del presente documento, se non espressamente autorizzata da Banca Akros. **In ogni caso è espressamente vietata la trasmissione con qualsiasi mezzo del presente documento o del suo contenuto, anche solo in parte, a soggetti che non siano classificati come clienti professionali o controparti qualificate ai sensi della Direttiva UE 2014/65.**

Percentuale delle raccomandazioni al 30 giugno 2022

(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 34.75% del totale degli emittenti oggetto di copertura

Recommendation history for SPINDOX

Date	Recommendation	Target price	Price at change date
08-Jul-22	Buy	15.50	12.00

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Andrea Devita, CFA (since 08/07/2022)
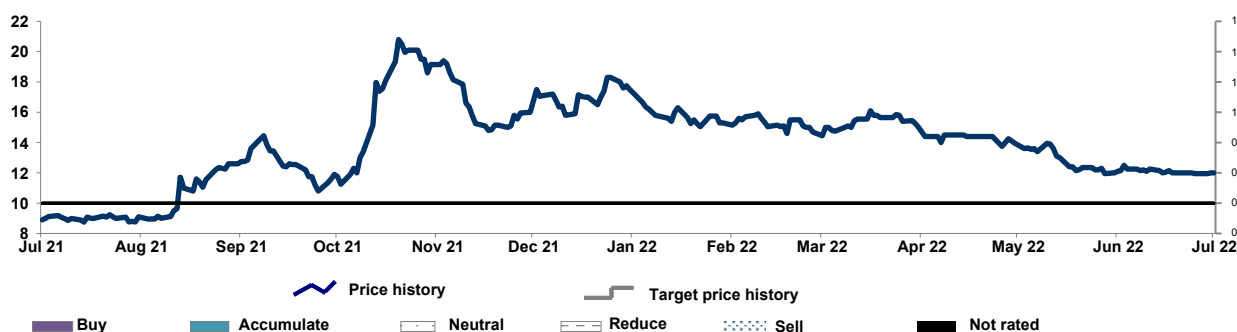
ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.

SELL	REDUCE	NEUTRAL	ACCUMULATE	BUY
	-15%	-5%	5%	15%

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12-month

- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month

- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12-month

- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12-month

- **Sell**: the stock is expected to generate total return **under -15%** during the next 12-month

- **Rating Suspended**: the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.

- **Not Rated**: there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets.

Banca Akros Ratings Breakdown
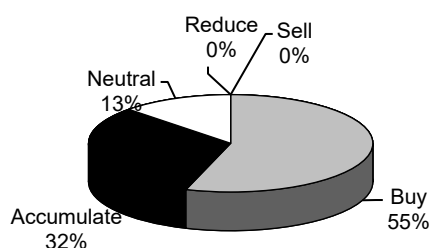
For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website Link
Date and time of production: *8 July 2022: 14:47 **CET***
First date and time of dissemination: *8 July 2022: 14:52 **CET***