

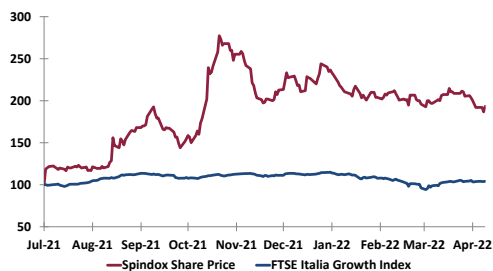


## OUTPERFORM

Current Share Price (€): 14.50

Target Price (€): 19.30

### Spindox - Performance since IPO



Source: S&P Capital IQ - Note: 06/07/2021 (IPO offer price)=100

### Company data

ISIN number	IT0005449522
Bloomberg code	SPN IM
Reuters code	SPN.MI
Industry	ICT
Stock market	Euronext Growth Milan
Share Price (€)	14.50
Date of Price	19/04/2022
Shares Outstanding (m)	6.0
Market Cap (€m)	87.0
Market Float (%)	18.19%
Daily Volume	0
Avg Daily Volume YTD	2,067
Target Price (€)	19.30
Upside (%)	33%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	IPO
Spindox - Absolute (%)	-7%	-6%	93%
FTSE Italia Growth (%)	1%	-7%	3%
IPO Range H/L (€)	20.80	7.50	
IPO Change (€) / %	7.00	93%	

Source: S&P Capital IQ

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## Sales growth acceleration and increasing profitability in 2021. New opportunities expected from the increasing weight of AI technology and from further M&A activity

### Overview: stock, M&A activity

Spindox stock gained 93% since IPO in July 2021, with a peak at €20.80 per share, outperforming the Italia Growth index. Spindox trades at discount to peers and we acknowledge a clear growth path for the gap to be reduced. Increasing share on sales of Artificial Intelligence Technology field of activity, as well as full exploitation of opportunities arising from recent and furtherly expected acquisitions are consistent with the Company strategy and potential.

### FY21: Sales growth acceleration, increase of operating profitability, net cash dynamic explained by IPO proceeds and M&A funding

Total revenues were €67.8m, up 18.1% YoY, with EBITDA Margin at 7.8% (7.1% in 2020). Net income at €2.7m almost doubled compared to FY20. TWC improved at 22% of sales, vs. ca. 26% in previous years. Along with IPO proceeds, the cash out and the new debt for the completed acquisitions explain Net Cash dynamic (€0.6m net cash at year-end vs €2.1m net debt at year-end 2020 and €0.5m net cash in June 2021). Most of FY21 results were in line or slightly better than our last estimates, apart from Net Cash.

### Business update and outlook

Spindox completed acquisitions since 2021 H2 and is scouting for new targets. This, along with increasing focus on AI Technology, whose expected demand increase is well over traditional ICT services, positions the Company on a confirmed growth trend. Industry M/L term perspectives sound positive, fueled also by Next Generation EU program, which for Italy is focused also on support to digital transition.

### Target Price €19.30 per share (from €19.36), OUTPERFORM rating from NEUTRAL

Our updated valuation is €19.30 per share from previous €19.36, a 33% upside potential on current share price. Spindox currently trades at 1.0x 2022 EV/Sales, a 30% discount to 1.4x peers median. With our new target price and updated estimates, the Company 2022E EV/Sales would be 1.4x, like peers median. We give an OUTPERFORM recommendation from the previous NEUTRAL.

### Key financials and estimates

€m	2018	2019	2020	2021	2022E	2023E	2024E
<b>Total Revenues</b>	<b>42.7</b>	<b>52.4</b>	<b>57.4</b>	<b>67.8</b>	<b>84.4</b>	<b>102.9</b>	<b>123.3</b>
YoY %	na	22.9%	9.5%	18.1%	24.5%	21.9%	19.8%
<b>EBITDA</b>	<b>2.2</b>	<b>2.7</b>	<b>4.1</b>	<b>5.3</b>	<b>7.0</b>	<b>9.0</b>	<b>11.1</b>
Margin	5.1%	5.2%	7.1%	7.8%	8.3%	8.7%	9.0%
<b>EBIT</b>	<b>1.2</b>	<b>1.5</b>	<b>2.9</b>	<b>4.0</b>	<b>5.6</b>	<b>7.5</b>	<b>10.2</b>
Margin	2.8%	2.8%	5.1%	5.9%	6.6%	7.3%	8.3%
<b>Net Income</b>	<b>0.5</b>	<b>0.7</b>	<b>1.5</b>	<b>2.7</b>	<b>3.5</b>	<b>4.9</b>	<b>7.0</b>
<b>Trade Working Capital</b>	<b>13.3</b>	<b>13.5</b>	<b>14.5</b>	<b>14.7</b>	<b>18.2</b>	<b>22.9</b>	<b>26.3</b>
<b>Net (Debt) Cash</b>	<b>(2.5)</b>	<b>(2.7)</b>	<b>(2.2)</b>	<b>0.6</b>	<b>2.5</b>	<b>6.1</b>	<b>12.7</b>
<b>Equity</b>	<b>1.5</b>	<b>2.1</b>	<b>4.4</b>	<b>13.8</b>	<b>17.3</b>	<b>22.3</b>	<b>29.2</b>
<b>KEY RATIOS</b>							
TWC/Sales	32%	26%	26%	22%	22%	23%	22%
Operating cash flow before capex/EBITDA	na	73%	79%	161%	43%	52%	69%
ROE	35%	35%	34%	19%	20%	22%	24%
Earnings per Share, basic (€)	n.a.	n.a.	n.a.	0.4	0.6	0.8	1.2

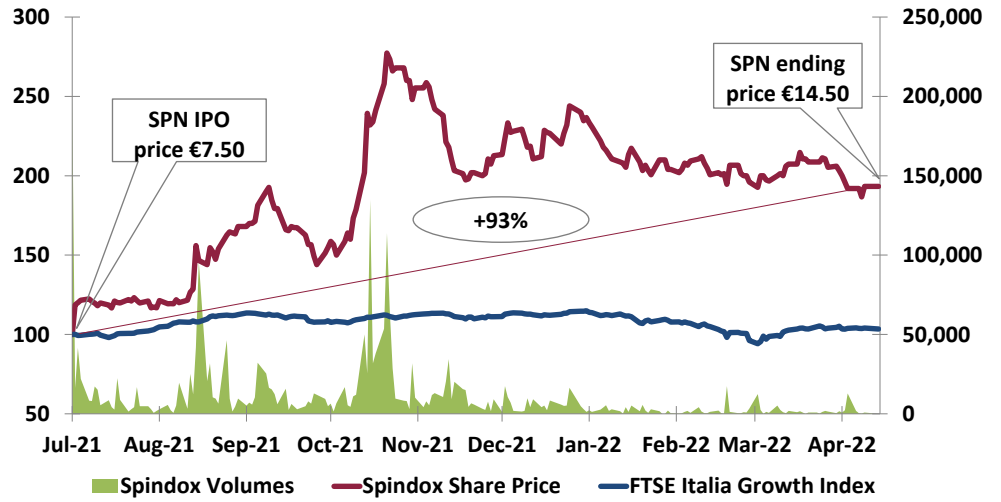
Source: Company data 2018-21, EnVent Research 2022-24E

## Market update

Trading price range €7.50-20.80 per share: +93% since IPO vs +3% of Italia Growth index along the same period.

High volatility between August and November 21, consistently with other listed peers.

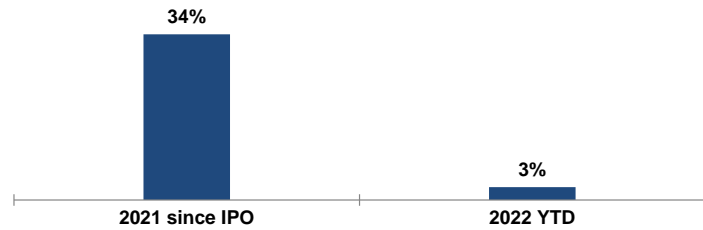
### Spindox - Share price performance and trading volumes since IPO



Source: EnVent Research on S&P Capital IQ - Note: 06/07/2021 (IPO offer price)=100

### Spindox - Liquidity analysis and velocity turnover

Higher turnover during previous months volatility period

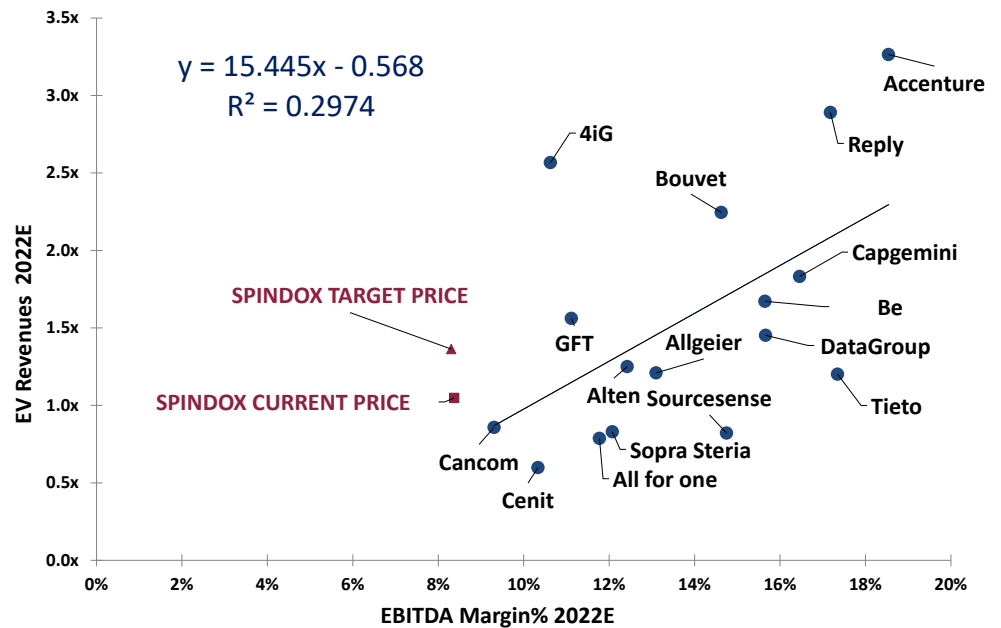


Source: EnVent Research on S&P Capital IQ - Velocity turnover=ratio of tot. traded shares to tot. ordinary shares

### Peer group - Regression analysis and Spindox target positioning

Room for growth of EBITDA Margin

Spindox "above the line" in the EBITDA Margin vs EV/Revenues correlation



Source: EnVent Research on S&P Capital IQ, 19/04/2022

## Investment case

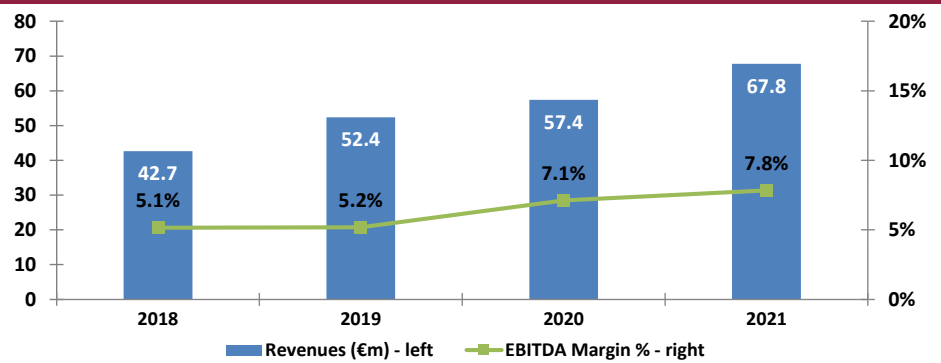
Spindox and its subsidiaries operate in the ICT services and products market. Through different scopes of practice (IT Services, Consulting, Network Services, AI Technologies and Cyber Security), the Company designs, develops and implements services and solutions in order to support customers, mostly large corporations, in their digital transformation.

Spindox has a widespread presence in Italy, through eight sites - Milan, Rome, Maranello, Turin, Florence, Cagliari, Trento, Bari and Ivrea - and abroad in Spain, Switzerland, UK and USA.

Customers are successful companies in diversified sectors: TLC, Automotive, Energy, Manufacturing, Retail, Fashion, Banking&Insurance, Mobility, Travel&Logistics, Pharma, Wholesale distribution.

M&A and organic growth are both key drivers for Spindox growth strategy, with AI Technologies expected to accelerate more than other practices.

### Historical Revenues and EBITDA



Source: Company data

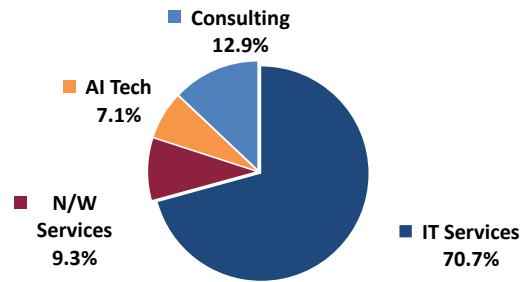
### Industry and Company drivers

- Digital transformation of businesses
- Innovation accelerators complementing digital transformation through data integration
- Long term growth expected for ICT sectors
- Spindox diversified, integrated service portfolio to support customers' digital transformation
- Independence and flexibility
- Focused on innovation through R&D activity
- Distinguished AI expertise and Ublique
- Large company is the typical customer
- Capital-free business model
- Industry experts, management-shareholders alignment of interests

### Challenges

- Permanent competition
- Acquisition and integration risks subsequent to M&A

### 2021 Sales breakdown - Field of activity



Source: Company data

### Business update

- Acquisition of 100% of Plan Net and Plan Soft in December 2021, ICT services providers for wholesale distribution and pharma customers mainly in the Tuscany region. Plan Soft revenues along 2021 were €5.6m, with €0.5m EBITDA and €0.3m net income, while cumulative net cash of both Plan Net and Plan Soft was €4.2m at year-end 2021. The acquisition consideration was €9.7m, gross of the cumulative €2.2m net cash of the two targets at time of closing, with €4.2m residual payment still to be liquidated (€2.2m within January 2023 and €2.0m within January 2024). Both Plan Net and Plan Soft will be merged into Spindox along 2022
- Acquisition of a 3% stake of Mister Smart Innovation, an IT company whose stakes are owned also by CNR – National Research Council, one the Italian leader for R&D promotion in the country. Mister Smart Innovation is an accelerator for technology transfer in the manufacturing sector
- Agreement with Oplium Ltda for the establishment of Oplium Italia, whose 51% will be owned by Spindox, which will fund the newco with €2m along 2022-24, while Oplium Ltda will contribute its know-how in the cyber security business developed in Brazil
- The Board of Directors will propose to the next shareholders meeting to launch:
  - an own shares purchase plan up to 150,000 shares and for a maximum cumulative value of €2.0m
  - two different stock option plans, one in favor of two Plan Sof managers, and the second in favor of 11 Spindox managers

### Industry outlook

Last estimates regarding Italian ICT sector show an expected +5.5% YoY growth rate in 2021. Along 2022-24E, the expected yearly CAGR is almost 5.0%, with all ICT subsectors estimated to grow, apart from Network Services whose observed

dropping trend is forecasted to continue after 2021 (Anitec-Assinform/NetConsulting Cube, October 2021). Next Generation EU programme for Italy (in Italian: *Piano Nazionale di Ripresa e Resilienza or PNRR*) will play a key role for the sector, due to the direct and indirect support offered to the digital transition. The consequences of the Russia-Ukraine war may partially change this scenario. ICT market will probably slow down as a consequence of the crisis' impact on trade, supply chains, capital flows, and energy prices. International Data Corporation (IDC) in March 2022 revised its original ICT global market growth forecast for 2022 downwards from 5%, assuming three scenarios: rapid diplomatic solution (4% growth), short-lived conflict (3.5% growth), prolonged war (2% growth).

### Estimates revision

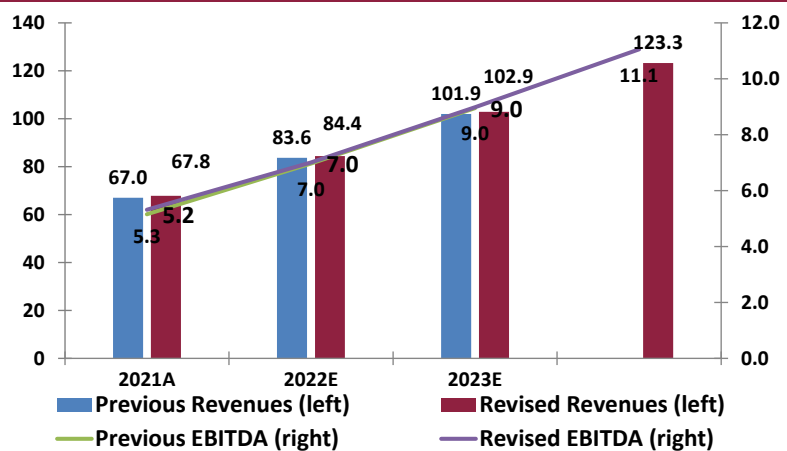
Apart from the short-run consequences due to Russia-Ukraine war, the sector M/L term expected trend confirms positive.

Spindox FY21 sales and margins were in line with our last estimates. As to FY21 Net Invested Capital and Sources, we noticed a positive management of Net Working Capital as well as the effect on non-current assets and net debt of the Plan Net and Plan Soft acquisitions, completed in the last month of the year, and relative funding. The impact of M&A activity is consistent with the expected growth implied by our previous scenario, according to the Company announced strategy and use of IPO proceeds.

As a consequence, we confirm our previous 2022-23E estimates, with just minor changes, mainly due to the impact of: i) FY21 financials; and ii) M&A activity funding.

### Change in estimates

**Previous vs. Revised Revenues and EBITDA estimates (€m)**



Source: EnVent Research

€m	Revised				Previous			Change %		
	2021A	2022E	2023E	2024E	2021E	2022E	2023E	2021A	2022E	2023E
<b>Total Revenues</b>	67.8	84.4	102.9	123.3	67.0	83.6	101.9	1%	1%	1%
<b>EBITDA</b>	5.3	7.0	9.0	11.1	5.2	7.0	9.0	3%	1%	0%
<i>Margin on Revenues</i>	7.8%	8.3%	8.7%	9.0%	7.7%	8.3%	8.8%			
<b>EBIT</b>	4.0	5.6	7.5	10.2	3.8	5.6	7.5	5%	0%	-1%
<i>Margin</i>	6%	6.6%	7.3%	8.3%	5.7%	6.7%	7.4%			
<b>Net Income</b>	2.7	3.5	4.9	7.0	2.4	3.7	5.2	11%	-5%	-5%
<b>Net (Debt) Cash</b>	0.6	2.5	6.1	12.7	5.5	8.4	11.7			
<i>Net Debt / EBITDA</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>			

Source: EnVent Research

## Financial projections

### Profit and Loss

€m	2018	2019	2020	2021	2022E	2023E	2024E
Sales	41.9	51.4	56.5	66.8	83.4	101.8	122.2
Capitalization of R&D costs	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Other income	0.7	1.0	0.8	1.0	0.9	1.0	1.0
<b>Total Revenues</b>	<b>42.7</b>	<b>52.4</b>	<b>57.4</b>	<b>67.8</b>	<b>84.4</b>	<b>102.9</b>	<b>123.3</b>
<i>YoY %</i>	<i>na</i>	22.9%	9.5%	18.1%	24.5%	21.9%	19.8%
Materials	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Services	(10.2)	(12.3)	(14.0)	(20.0)	(25.0)	(30.5)	(36.6)
Personnel	(28.2)	(35.0)	(36.7)	(39.9)	(49.9)	(60.9)	(73.0)
Other operating costs	(2.0)	(2.3)	(2.5)	(2.4)	(2.4)	(2.4)	(2.4)
Operating costs	(40.5)	(49.7)	(53.3)	(62.5)	(77.4)	(93.9)	(112.2)
<b>EBITDA</b>	<b>2.2</b>	<b>2.7</b>	<b>4.1</b>	<b>5.3</b>	<b>7.0</b>	<b>9.0</b>	<b>11.1</b>
<i>Margin</i>	5.1%	5.2%	7.1%	7.8%	8.3%	8.7%	9.0%
D&A	(1.0)	(1.2)	(1.2)	(1.3)	(1.4)	(1.5)	(0.9)
<b>EBIT</b>	<b>1.2</b>	<b>1.5</b>	<b>2.9</b>	<b>4.0</b>	<b>5.6</b>	<b>7.5</b>	<b>10.2</b>
<i>Margin</i>	2.8%	2.8%	5.1%	5.9%	6.6%	7.3%	8.3%
Interest	(0.2)	(0.3)	(0.4)	(0.3)	(0.5)	(0.5)	(0.4)
Write-down of equity investments	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
<b>EBT</b>	<b>1.0</b>	<b>1.2</b>	<b>2.5</b>	<b>3.6</b>	<b>5.0</b>	<b>7.0</b>	<b>9.8</b>
<i>Margin</i>	2.3%	2.2%	4.4%	5.4%	6.0%	6.8%	7.9%
Income taxes	(0.4)	(0.4)	(1.0)	(1.0)	(1.5)	(2.0)	(2.8)
<b>Net Income (Loss)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.5</b>	<b>2.7</b>	<b>3.5</b>	<b>4.9</b>	<b>7.0</b>
<i>Margin</i>	1.3%	1.4%	2.6%	3.9%	4.2%	4.8%	5.6%

Source: Company data 2018-21, EnVent Research 2022-24E

### Balance Sheet

€m	2018	2019	2020	2021	2022E	2023E	2024E
Trade receivables	17.6	17.4	19.9	22.0	26.5	32.3	36.7
Trade payables	(4.3)	(3.9)	(5.4)	(7.3)	(8.3)	(9.4)	(10.5)
Trade Working Capital	13.3	13.5	14.5	14.7	18.2	22.9	26.3
Other assets (liabilities)	(13.5)	(13.4)	(14.6)	(19.0)	(20.0)	(22.4)	(25.1)
<b>Net Working Capital</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(4.3)</b>	<b>(1.8)</b>	<b>0.5</b>	<b>1.1</b>
Intangible assets	0.4	0.4	0.3	1.0	0.7	0.4	0.2
Goodwill	0.7	0.6	2.5	2.2	2.0	1.7	1.5
Property, plant and equipment	2.3	2.3	1.6	1.4	1.1	0.8	1.0
Equity investments and financial assets	1.0	1.6	2.4	13.0	13.0	13.0	13.0
<b>Non-current assets</b>	<b>4.5</b>	<b>4.9</b>	<b>6.8</b>	<b>17.6</b>	<b>16.8</b>	<b>15.9</b>	<b>15.6</b>
<b>Provisions</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net Invested Capital</b>	<b>4.1</b>	<b>4.8</b>	<b>6.6</b>	<b>13.1</b>	<b>14.8</b>	<b>16.2</b>	<b>16.5</b>
Financial debt	5.5	5.8	7.4	14.2	13.9	11.5	9.3
Bonds	0.0	3.0	2.5	1.9	1.3	0.7	0.1
Cash and equivalents	(3.0)	(6.0)	(7.8)	(16.8)	(17.7)	(18.2)	(22.1)
<b>Net Debt (Cash)</b>	<b>2.5</b>	<b>2.7</b>	<b>2.2</b>	<b>(0.6)</b>	<b>(2.5)</b>	<b>(6.1)</b>	<b>(12.7)</b>
<b>Equity</b>	<b>1.5</b>	<b>2.1</b>	<b>4.4</b>	<b>13.8</b>	<b>17.3</b>	<b>22.3</b>	<b>29.2</b>
<b>Sources</b>	<b>4.1</b>	<b>4.8</b>	<b>6.6</b>	<b>13.1</b>	<b>14.8</b>	<b>16.2</b>	<b>16.5</b>

Source: Company data 2018-21, EnVent Research 2022-24E

### Cash Flow

€m	2019	2020	2021	2022E	2023E	2024E
<b>EBIT</b>	<b>1.5</b>	<b>2.9</b>	<b>4.0</b>	<b>5.6</b>	<b>7.5</b>	<b>10.2</b>
Current taxes	(0.4)	(1.0)	(1.0)	(1.5)	(2.0)	(2.8)
D&A	1.2	1.2	1.3	1.4	1.5	0.9
Provisions	(0.0)	(0.0)	0.0	0.0	0.0	0.0
<b>Cash flow from P&amp;L operations</b>	<b>2.3</b>	<b>3.1</b>	<b>4.4</b>	<b>5.5</b>	<b>7.0</b>	<b>8.3</b>
Trade Working Capital	(0.2)	(1.1)	(0.2)	(3.5)	(4.7)	(3.3)
Other assets and liabilities	(0.1)	1.2	4.4	1.0	2.4	2.7
<b>Operating cash flow before capex</b>	<b>2.0</b>	<b>3.2</b>	<b>8.6</b>	<b>3.0</b>	<b>4.7</b>	<b>7.6</b>
Capex	(1.1)	(2.3)	(1.5)	(0.6)	(0.6)	(0.6)
<b>Operating cash flow after working capital an</b>	<b>0.9</b>	<b>0.9</b>	<b>7.0</b>	<b>2.4</b>	<b>4.1</b>	<b>7.0</b>
Interest	(0.3)	(0.4)	(0.3)	(0.5)	(0.5)	(0.4)
Write-down of equity investments	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Equity investments and financial assets	(0.6)	(0.8)	(10.6)	0.0	0.0	0.0
Paid-in Capital and other Equity changes	(0.2)	0.8	6.7	0.0	0.0	0.0
<b>Net cash flow</b>	<b>(0.2)</b>	<b>0.5</b>	<b>2.8</b>	<b>1.8</b>	<b>3.6</b>	<b>6.6</b>
Net Debt Beginning	(2.5)	(2.7)	(2.2)	0.6	2.5	6.1
Net Debt End	(2.7)	(2.2)	0.6	2.5	6.1	12.7
<b>Change in (Net Debt) Cash</b>	<b>(0.2)</b>	<b>0.5</b>	<b>2.8</b>	<b>1.8</b>	<b>3.6</b>	<b>6.6</b>

Source: Company data 2019-21, EnVent Research 2022-24E

### Ratio analysis

	2018	2019	2020	2021	2022E	2023E	2024E
ROE	35%	35%	34%	19%	20%	22%	24%
ROS (EBIT/Sales)	3%	3%	5%	6%	7%	7%	8%
DSO	125	102	106	105	95	95	90
DPO	104	80	97	95	90	85	80
TWC/Sales	32%	26%	26%	22%	22%	23%	22%
NWC/Sales	-1%	0%	0%	-6%	-2%	0%	1%
Net Debt/EBITDA	1.1x	1.0x	0.5x	cash	cash	cash	cash
Net Debt/Equity	1.6x	1.3x	0.5x	cash	cash	cash	cash
Net Debt/(Net Debt+Equity)	0.6x	0.6x	0.3x	cash	cash	cash	cash
Operating cash flow before capex/EBITDA	na	73%	79%	161%	43%	52%	69%
Per-capita sales (€k)	76	79	78	89	94	98	103
Per-capita costs (€k)	51	54	51	53	56	59	62
Earnings per Share, basic (€)	n.a.	n.a.	n.a.	0.4	0.6	0.8	1.2

Source: Company data 2018-21, EnVent Research 2022-24E

## Valuation

We have updated our DCF valuation and market multiples.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 1.0% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, April 2022)
- Market return: 12.5% (3Y average. Source: Bloomberg, April 2022)
- Market risk premium: 11.5%
- Beta: 0.9 (Median of industry peers. Source: Bloomberg)
- Cost of equity: 11.3%
- Cost of debt: 2.5%
- Tax rate: 24% IRES

- 35% debt/(debt + equity) as target capital structure
- WACC calculated at 8.0%, according to above data
- Perpetual growth rate after explicit projections 3.0%
- Terminal Value assumes EBITDA margin at 9.5%

### DCF Valuation

€m	2021	2022E	2023E	2024E	Perpetuity
<b>Revenues</b>	<b>67.8</b>	<b>84.4</b>	<b>102.9</b>	<b>123.3</b>	<b>127.0</b>
<b>EBITDA</b>	<b>5.3</b>	<b>7.0</b>	<b>9.0</b>	<b>11.1</b>	<b>12.1</b>
<i>Margin</i>	7.8%	8.3%	8.7%	9.0%	9.5%
<b>EBIT</b>	<b>4.0</b>	<b>5.6</b>	<b>7.5</b>	<b>10.2</b>	<b>11.6</b>
<i>Margin</i>	5.9%	6.6%	7.3%	8.3%	9.1%
Taxes	(1.1)	(1.6)	(2.1)	(2.8)	(3.2)
<b>NOPAT</b>	<b>2.9</b>	<b>4.0</b>	<b>5.4</b>	<b>7.3</b>	<b>8.3</b>
D&A	1.3	1.4	1.5	0.9	0.5
Provisions	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from operations</b>	<b>4.2</b>	<b>5.5</b>	<b>6.9</b>	<b>8.3</b>	<b>8.8</b>
Trade Working Capital	(0.2)	(3.5)	(4.7)	(3.3)	(3.8)
Capex	(1.5)	(0.6)	(0.6)	(0.6)	(0.5)
Other assets and liabilities	4.4	1.0	2.4	2.7	1.5
<b>Unlevered free cash flow</b>		<b>2.3</b>	<b>4.0</b>	<b>7.0</b>	<b>6.0</b>
WACC	8.0%				
Long-term growth (G)	3.0%				
<b>Discounted Cash Flows</b>		<b>2.1</b>	<b>3.5</b>	<b>5.6</b>	
Sum of Discounted Cash Flows	11.2				
<b>Terminal Value</b>					<b>120.6</b>
Discounted TV	95.8				
<b>Enterprise Value</b>					<b>106.9</b>
Net Cash as of 31/12/21	0.6				
<b>Equity Value</b>					<b>107.6</b>
<b>Equity Value per share (€)</b>					<b>17.9</b>

DCF - Implied multiples	2021	2022E	2023E	2024E
EV/Revenues	1.6x	1.3x	1.0x	0.9x
EV/EBITDA	20.1x	15.3x	11.9x	9.7x
EV/EBIT	26.9x	19.1x	14.3x	10.5x
P/E	40.4x	30.4x	21.8x	15.5x

Source: EnVent Research

### Market multiples

We have observed market multiples of the national and international peers, looking at two different clusters: i) traditional IT Consultants/System Integrators players, whose business still represent Spindox majority share of revenues mix; and ii) AI technology providers, the expected Company profile in the future. The two clusters show differences in sales expected growth rates, EBITDA and EBIT Margin.

Spindox shift from more focused system integration activities toward a more AI technology-based business model is still at an early stage and therefore we still focus on the IT Consultants/System Integrators cluster.

We observed that players more involved in the digital transition are experiencing price upsides not necessarily correlated with profitability trends, as shown by the



multiple analysis where EV/Revenues values are consistent among peers with different profitability.

As a consequence, we have applied to our Spindox 2022-23 estimates the median EV/Revenues of the IT Consultant/System Integrators cluster, using data from 2Y analyst consensus.

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
<b>International IT consultants/system integrators</b>												
Accenture plc	4.4x	3.3x	3.0x	31.7x	17.6x	16.0x	35.1x	21.5x	19.4x	46.0x	29.1x	26.0x
Be Shaping The Future S.p.A.	1.8x	1.7x	1.5x	12.6x	10.7x	9.5x	16.9x	15.9x	13.7x	30.4x	26.5x	22.8x
Bouvet ASA	2.7x	2.2x	2.0x	20.8x	15.4x	13.8x	22.1x	18.3x	16.2x	29.5x	24.9x	22.0x
Capgemini SE	2.0x	1.8x	1.7x	17.3x	11.1x	10.2x	20.3x	14.0x	12.6x	32.0x	18.5x	16.4x
Reply S.p.A.	3.3x	2.9x	2.6x	28.2x	16.8x	15.4x	30.2x	20.5x	18.5x	44.3x	29.5x	26.7x
TietoEVERY Oyj	1.2x	1.2x	1.2x	10.7x	6.9x	6.5x	14.1x	8.9x	8.2x	11.2x	10.1x	9.1x
Cancom SE	0.9x	0.9x	0.8x	17.0x	9.2x	8.2x	24.0x	13.6x	11.6x	8.2x	28.5x	24.9x
Sopra Steria Group SA	0.9x	0.8x	0.8x	8.8x	6.9x	6.3x	11.8x	9.9x	8.8x	17.0x	12.1x	10.7x
4iG Nyrt.	2.6x	2.6x	2.2x	27.2x	24.2x	20.8x	35.1x	28.6x	24.7x	14.7x	11.6x	9.8x
DATAGROUP SE	1.6x	1.5x	1.4x	16.3x	9.3x	8.6x	31.2x	16.9x	15.2x	38.5x	23.2x	21.2x
Alten S.A.	1.5x	1.3x	1.2x	16.8x	10.1x	9.3x	17.9x	12.4x	11.3x	25.8x	17.2x	15.9x
Allgeier SE	1.5x	1.2x	1.1x	17.2x	9.2x	7.6x	40.5x	14.4x	11.6x	34.8x	28.7x	21.6x
CENIT Aktiengesellschaft	0.7x	0.6x	0.6x	13.5x	5.8x	5.1x	16.4x	10.8x	9.2x	27.3x	20.4x	14.7x
GFT Technologies SE	1.9x	1.6x	1.4x	19.5x	14.0x	12.0x	28.5x	19.6x	15.9x	40.7x	26.7x	21.9x
Sourcesense S.p.A.	1.0x	0.8x	0.7x	10.4x	5.6x	4.5x	11.0x	7.6x	5.6x	17.3x	12.8x	9.3x
All for One Group SE	0.9x	0.8x	0.7x	12.8x	6.7x	6.1x	19.0x	15.1x	12.5x	26.9x	19.2x	16.0x
<b>Mean</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.4x</b>	<b>17.6x</b>	<b>11.2x</b>	<b>10.0x</b>	<b>23.4x</b>	<b>15.5x</b>	<b>13.4x</b>	<b>27.8x</b>	<b>21.2x</b>	<b>18.1x</b>
<b>Median</b>	<b>1.6x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>16.9x</b>	<b>9.7x</b>	<b>8.9x</b>	<b>21.2x</b>	<b>14.7x</b>	<b>12.6x</b>	<b>28.4x</b>	<b>21.8x</b>	<b>18.8x</b>
<b>Mean wo extremes</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.4x</b>	<b>17.2x</b>	<b>10.7x</b>	<b>9.6x</b>	<b>23.0x</b>	<b>15.1x</b>	<b>13.2x</b>	<b>27.9x</b>	<b>21.4x</b>	<b>18.1x</b>
<b>Providers of AI solutions or other digital solutions/applications</b>												
Expert System S.p.A.	1.7x	1.5x	1.2x	neg	neg	10.5x	neg	neg	na	neg	neg	neg
Maps S.p.A.	1.8x	1.5x	1.3x	13.8x	5.5x	4.8x	19.4x	na	na	15.1x	11.6x	10.6x
Doxee S.p.A.	3.7x	3.6x	3.1x	44.5x	16.5x	10.7x	52.3x	52.0x	21.4x	53.0x	76.4x	25.9x
Neosperience S.p.A.	2.4x	2.1x	1.7x	8.7x	6.5x	5.2x	34.6x	17.2x	10.7x	72.9x	26.4x	14.5x
Relatech S.p.A.	2.6x	1.8x	1.5x	39.9x	7.2x	5.8x	45.2x	10.0x	8.1x	28.2x	14.0x	10.9x
Veritone, Inc.	4.6x	2.7x	2.1x	neg	na	na	neg	28.9x	17.2x	neg	34.8x	19.3x
C3.ai, Inc.	7.0x	4.6x	3.4x	neg	neg	neg	neg	neg	neg	neg	neg	neg
<b>Mean</b>	<b>3.4x</b>	<b>2.5x</b>	<b>2.0x</b>	<b>26.7x</b>	<b>8.9x</b>	<b>7.4x</b>	<b>37.9x</b>	<b>27.0x</b>	<b>14.4x</b>	<b>42.3x</b>	<b>32.6x</b>	<b>16.3x</b>
<b>Median</b>	<b>2.6x</b>	<b>2.1x</b>	<b>1.7x</b>	<b>26.8x</b>	<b>6.9x</b>	<b>5.8x</b>	<b>39.9x</b>	<b>23.1x</b>	<b>13.9x</b>	<b>40.6x</b>	<b>26.4x</b>	<b>14.5x</b>
<b>Mean wo extremes</b>	<b>3.0x</b>	<b>2.4x</b>	<b>1.9x</b>	<b>26.8x</b>	<b>6.9x</b>	<b>7.2x</b>	<b>39.9x</b>	<b>23.1x</b>	<b>13.9x</b>	<b>40.6x</b>	<b>25.0x</b>	<b>14.9x</b>
<b>Combined Mean</b>	<b>2.3x</b>	<b>1.9x</b>	<b>1.6x</b>	<b>19.4x</b>	<b>10.8x</b>	<b>9.4x</b>	<b>26.3x</b>	<b>17.8x</b>	<b>13.6x</b>	<b>30.7x</b>	<b>23.9x</b>	<b>17.6x</b>
<b>Combined Median</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.4x</b>	<b>16.9x</b>	<b>9.3x</b>	<b>8.6x</b>	<b>23.0x</b>	<b>15.5x</b>	<b>12.6x</b>	<b>28.9x</b>	<b>23.2x</b>	<b>16.4x</b>
<b>Combined Mean wo extremes</b>	<b>2.1x</b>	<b>1.8x</b>	<b>1.6x</b>	<b>18.6x</b>	<b>10.3x</b>	<b>9.0x</b>	<b>25.7x</b>	<b>16.5x</b>	<b>13.4x</b>	<b>29.6x</b>	<b>21.9x</b>	<b>17.6x</b>
<b>Spindox - Current price and Consensus Estimates</b>	<b>1.3x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>19.6x</b>	<b>12.5x</b>	<b>9.7x</b>	<b>26.2x</b>	<b>15.6x</b>	<b>11.7x</b>	<b>41.2x</b>	<b>23.5x</b>	<b>16.7x</b>

Source: EnVent Research on S&P Capital IQ, 19/04/2022

### Multiples application

Multiples - IT Consultants		€m	Multiple	EV (€m)	NetCash (€m)	Equity Value (€m)	Equity Value per share (€)
					31/12/21		
<b>Spindox</b>							
<b>2022E</b>	Revenues	<b>84.4</b>	Median	1.4x	115.8	0.6	116.5
<b>2023E</b>	Revenues	<b>102.9</b>	Median	1.3x	130.9	0.6	131.6
Mean							<b>124.0</b>
							<b>20.7</b>

Source: EnVent Research

### Target Price

We confirm our approach and the estimate of Spindox target price as an average of DCF and EV/Revenues multiple. The resulting target price is €19.30 per share, from €19.36 of our prior note, implying a 33% upside potential on Spindox current stock

price. We therefore change from NEUTRAL into OUTPERFORM the rating on the stock.

Please refer to important disclosures at the end of this report.

Spindox Price per share	€
<b>Target Price</b>	<b>19.30</b>
Current Share Price (19/04/2022)	14.50
<b>Premium (Discount)</b>	<b>33%</b>

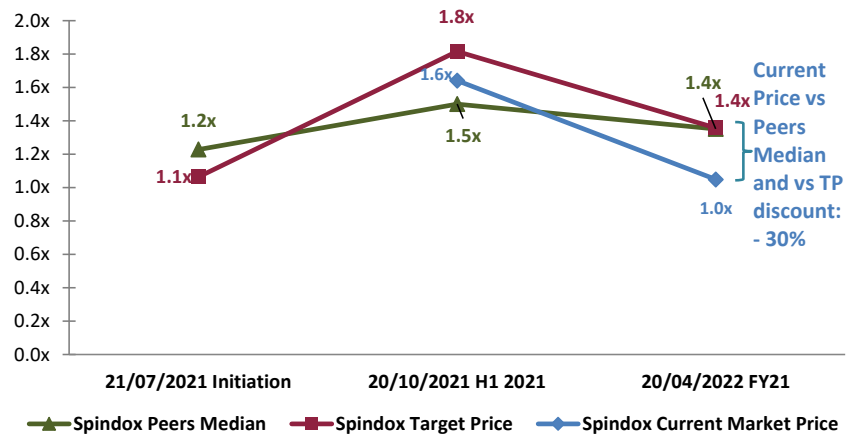
Source: EnVent Research

### Spindox Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ

### Implied EV/Revenues vs. industry median multiples



Source: EnVent Research on S&P Capital IQ, 19/04/2022

Note: EV/Revenues refers to multiples estimated for the year-end following the research update

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Date and time of Production: 19/04/2022 h. 5.45pm

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#### **DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE**

Date	Recommendation	Target Price (€)	Share Price (€)
21/07/2021	OUTPERFORM	12.69	9.08
20/10/2021	NEUTRAL	19.36	17.40
20/04/2022	OUTPERFORM	19.30	14.50

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