(TP ICAP (EUROPE) SA)

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EQUITY RESEARCH

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RESULTS REVIEW

HOLD

TP 1.40€

Up/Downside: -17%

1H 2025 Results

1H25, total revenues +31% (€ 15.6mn), negative EBITDA slightly improves to € -0.6mn. EBIT deteriorates to € -5.1mn, impacted by high amortisation, and net loss stands at € -6.8mn.

Strong revenue growth with a promising mix – Revenue performance is the most positive aspect, with a 31% YoY increase. This is mainly driven by two factors: (i) **Acquisitions**: The integration of the Finix business unit added a new "Managed Services" segment, now contributing 13% to revenues. (ii) **Organic growth**: The recurring component of revenues (temporary licences, maintenance and hosting) represents 57% of the total, a positive signal of customer stability and loyalty. The share of revenues from the US market, although slightly down in percentage terms, remains significant at 14%. **Operating margins** (i) **EBITDA**: Improves to € -0.6mn from € -0.8mn in S1 2024. This slight improvement comes despite a significant increase in external operating costs (+€ 3.0mn), largely absorbed by additional revenues. (ii) **EBIT**: € -5.1mn (vs € -4.5mn). The gap between EBITDA and EBIT is explained by capitalised development costs and acquired concessions. **Net debt (DN)** increases to € 5.1mn – reflecting the use of cash for operations.

Strategy and outlook – Management confirms the targets of the 2025–2026 Plan. Events during the semester – the launch of the EidenAI suite, the Tiscali partnership (Villanova.ai), the Fusion AI Labs JV and the acquisition of ISED – outline a clear growth strategy through organic innovation and targeted M&A.

FY25 estimates revision (i) Revenues revised to € 38mn (vs € 40mn prev.), with implicit HoH acceleration of c. +44% to reach the target. (ii) EBITDA estimated at € 6.18mn (vs € 9.58mn prev.); an EBITDA margin of c. 30% is needed in S2. (iii) EBIT revised to € -1.2mn (vs € +2.16mn prev.); an EBIT of c. € +3.9mn is required in S2 to meet the new estimates. (iv) Net Loss expected at € -1.4mn (vs € +2mn prev.); a RN of c. € +5.4mn is needed in S2.

HOLD and TP € 1.40 confirmed.

Key data	
Price (€)	1.7
Industry	Packaged Software
Ticker	EXAI-IT
Shares Out (m)	97.340
Market Cap (m €)	165.1
Average trading volumes (k shares / day)	634.296

Source: FactSet

Ownership (%)	
Ergo s.r.l.	8.1
GUM SpA	7.4
Marco Varone	5.2
Free float	74.3

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	-0.01	0.01	0.04
Change vs previous estimates (%)	na	-72.76	-41.34

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.1	11.9	27.5
Rel FTSE Italy	0.2	11.2	2.3



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e
Sales (m €)	27.3	38.0	44.0	48.4
Current Op Inc (m €)	-3.9	-1.2	0.8	4.1
Current op. Margin (%)	na	na	1.7	8.5
EPS (€)	-0.10	-0.01	0.01	0.04
DPS (€)	0.00	0.00	0.00	1.00
Yield (%)	0.0	0.0	0.0	59.0
FCF (m €)	-8.9	-5.0	-2.6	3.6

Valuation Ratio	12/25e	12/26e	12/27e
EV/Sales	4.0	3.5	3.1
EV/EBITDA	24.6	19.0	13.3
EV/EBIT	na	na	36.7
PE	na	na	42.7

Source: TPICAP Midcap

Consensus FactSet - Analysts:na	12/25e	12/26e	12/27e
Sales	38.0	44.0	0.0
EBIT	-1.2	0.8	0.0
Net income	-1.4	0.5	0.0

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	31.7	32.6	27.3	38.0	44.0	48.4
Changes (%)	1.9	3.0	-16.2	38.9	15.8	10.1
Gross profit	29.3	30.6	25.7	21.4	26.4	34.8
% of Sales	92.5	93.7	94.0	56.2	60.0	71.9
EBITDA	**-14.4**	**-0.2**	**3.4**	**6.2**	**8.1**	**11.4**
% of Sales	-45.4	-0.7	12.4	16.3	18.4	23.5
Current operating profit	**-23.1**	**-8.8**	**-3.9**	**-1.2**	**0.8**	**4.1**
% of Sales	-72.9	-27.0	-14.2	-3.3	1.7	8.5
Non-recurring items	0.0	0.0	-1.1	0.0	0.0	0.0
EBIT	-23.1	-8.8	-5.0	-1.2	0.8	4.1
Net financial result	-1.5	-1.5	-0.6	-0.1	-0.2	-0.2
Income Tax	0.5	-0.0	-1.0	0.0	-0.1	-0.2
Tax rate (%)	2.0	-0.1	-11.6	0.0	12.9	6.2
Net profit, group share	**-23.8**	**-9.9**	**-10.1**	**-1.4**	**0.5**	**3.7**
EPS	na	na	na	na	0.01	0.04

Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	21.1	20.0	17.8	18.9	18.6	18.1
Right of Use	1.7	1.2	1.2	1.2	1.2	1.2
Financial assets	0.5	0.1	0.1	0.1	0.1	0.1
Working capital	5.7	11.2	11.5	13.7	16.1	18.5
Other Assets	12.6	10.5	11.3	12.4	14.0	15.7
Assets	41.7	43.0	41.8	46.2	50.0	53.5
Shareholders equity group	17.5	12.2	30.7	50.1	51.2	55.4
Minorities	0.0	0.0	0.0	0.0	0.0	1.0
LT & ST provisions and others	3.8	4.3	4.3	4.3	4.3	4.3
Net debt	15.9	21.4	1.7	-13.3	-10.7	-13.3
Other liabilities	4.5	5.1	5.1	5.1	5.1	5.1
Liabilities	41.7	43.0	41.8	46.2	50.0	53.5
Net debt excl. IFRS 16	15.9	21.4	1.7	-13.3	-10.7	-13.3
Gearing net	0.9	1.7	0.1	-0.3	-0.2	-0.2
Leverage	-1.1	-90.7	0.5	-2.1	-1.3	-1.2

Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	-17.7	0.2	-2.8	6.8	8.5	12.4
ΔWCR	6.7	-5.9	-0.3	-2.2	-2.5	-0.3
Operating cash flow	-11.0	-5.7	-3.0	4.6	6.0	12.1
Net capex	-15.7	-5.3	-5.8	-9.7	-8.7	-8.5
FCF	-26.2	-10.2	-8.9	-5.0	-2.6	3.6
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-2.0	-4.7	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	1.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	9.7	4.7	28.5	20.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	1.0
Change in net cash over the year	-18.5	-10.2	19.6	15.0	-2.6	4.6
ROA (%)	na	na	na	na	0.9%	6.8%
ROE (%)	na	na	na	na	0.9%	6.6%
ROCE (%)	na	na	na	na	1.5%	7.5%

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Analyst certifications

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Methodology

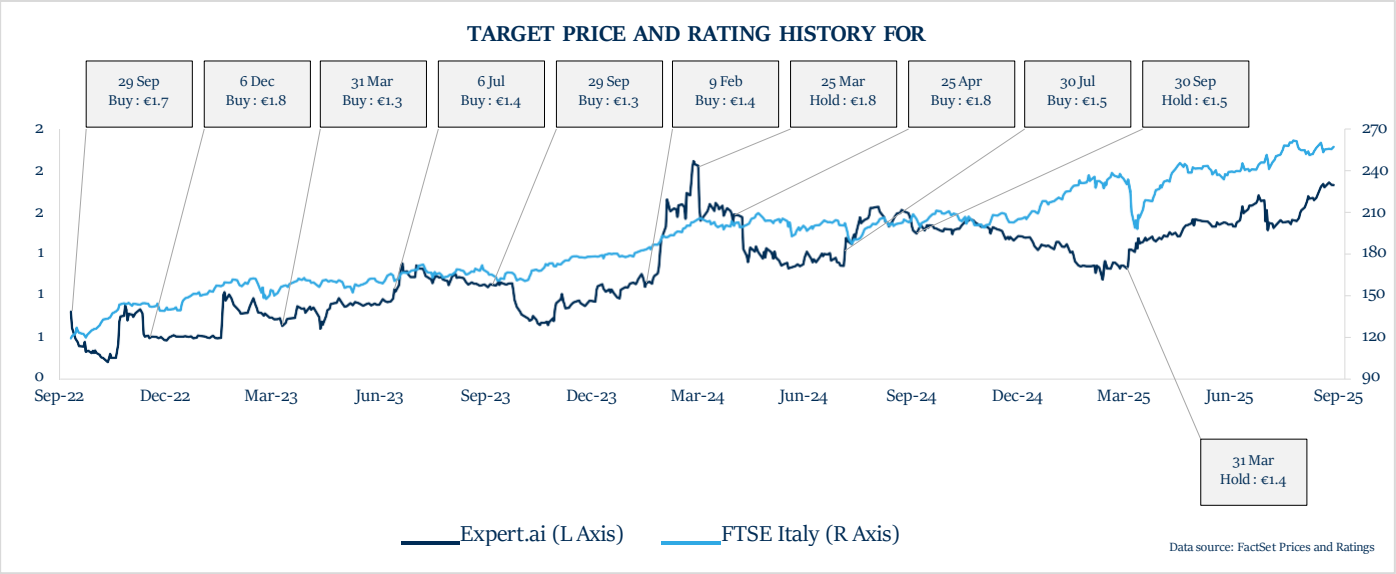
This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Expert.ai

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History of investment rating and target price – Expert.ai



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
02 Jul 25 - 08:48:18	Michele Mombelli	€ 1.40	€ 1.40	€ 1.40	Conserver	Hold
21 May 25 - 08:11:25	Michele Mombelli	€ 1.40	€ 1.40	€ 1.40	Conserver	Hold
18 May 25 - 22:12:47	Michele Mombelli	€ 1.40	€ 1.40	€ 1.33	Conserver	Hold
08 Apr 25 - 08:10:06	Michele Mombelli	€ 1.40	€ 1.40	€ 1.22	Conserver	Hold
30 Mar 25 - 13:43:11	Michele Mombelli	€ 1.50	€ 1.40	€ 1.12	Conserver	Hold
13 Mar 25 - 08:22:43	Michele Mombelli	€ 1.50	€ 1.50	€ 1.15	Conserver	Hold
02 Oct 24 - 08:15:38	Davide Longo	€ 1.50	€ 1.50	€ 1.36	Conserver	Hold
30 Sep 24 - 08:26:47	Davide Longo	NA	€ 1.50	€ 1.37	NA	Hold

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	78%	69%
Hold	18%	56%
Sell	3%	40%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at https://researchtpicap.midcapp.com/en/disclaimer.

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