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MIDCAP

EQUITY RESEARCH

EXPERT.AI
RESULTS REVIEW

HOLD
TP 1.40€ (vs 1.50€)
Up/Downside: 25%

FY24, a transition year with positive EBITDA

The year 2024 was a transition year for the group with (1) a capital increase, (2) debt renegotiation, and (3) internal restructuring, leading to non-recurring costs for the year. Revenue € 27.3mn (-16% YoY), EBITDA € +3.4mn (2023 was negative), EBIT € -5.0mn (€ +3.8mn vs. 2023), NI Adj. € -6.6mn (€ +3.3mn), NI Reported € -10.1mn (€ -0.2mn). Revenue/EBITDA guidance for 2025/2026 has been revised.

Expert.AI released its FY24 results on 28/03 after market close:

• **Revenue** € 27.3mn (-16% YoY);

• **EBITDA** € +3.4mn (2023 was negative);

• **EBIT** € -5.0mn (€ +3.8mn YoY);

• **Net Income Adj**. € -6.6mn (€ +3.3mn YoY); **Net Income Reported** € -10.1mn (€ - 0.2mn YoY).

Revenue was impacted by a strategic shift towards: (i) **SaaS software sales with a stronger focus on scalability** and sectors with higher replicability; (ii) **prioritization of higher-margin projects, resulting in strong EBITDA performance, also supported by a significant reduction in operating costs (€ -6.8mn)**; (iii) **the reorganization of EMEA and US teams**, leading to a revenue shift towards Italy in 2024 (68% vs. 56% YoY), although we anticipate a larger international contribution starting in 2025 (thanks to the new Senior VP Sales appointments).

In FY24, non-recurring costs related to external advisory for the capital increase (c. € 1.2mn) **and exceptional personnel restructuring costs** (c. € 2.3mn) **weighed on Net Income Adj., which stood at € -6.6mn** (€ +3.3mn YoY). Following the capital increase (c. € 30mn), net debt reached € 1.7mn vs. € 21.8mn in 2023 (31.12.24 Net Debt/EBITDA 0.5x). **Outlook**: we remain confident (i) in the contribution of the **new "EidenAI" suite** to FY25/26/27E, (ii) in the **company's openness to M&A and JV operations** to achieve its strategic objectives, and (iii) in the internal restructuring. We slightly adjust our FY25/26E EBITDA estimates following the **new FY25/26E guidance, midpoint revenue € 40/48mn (€ +1.5/3.5mn vs. prev.), midpoint EBITDA € 8/10.5mn (€ - 3.0/ - 3.0mn vs. prev.).**

We slightly reduce our FY25/26E EPS estimates due to the revision of the midpoint FY25/26E EBITDA guidance. TP € 1.40 ps (vs. € 1.50 ps)**, HOLD confirmed.**

Key data	
Price (€)	1.1
Industry	Packaged Software
Ticker	EXAI-IT
Shares Out (m)	90.880
Market Cap (m €)	101.8
Average trading volumes (k shares / day)	58.324

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 (€)	12/24e	12/25e	12/26e
Estimates	-0.11	0.02	0.05
Change vs previous estimates (%)	na	-10.14	-9.87

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.5	0.4	-15.8
Rel FTSE Italy	0.3	-0.2	-26.2



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e
Sales (m €)	32.6	27.3	37.9	44.5
Current Op Inc (m €)	-8.8	-3.9	1.2	2.5
Current op. Margin (%)	na	na	3.1	5.6
EPS (€)	-0.11	-0.11	0.02	0.05
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-10.2	-8.9	0.4	0.6

Valuation Ratio	12/24e	12/25e	12/26e
EV/Sales	3.8	2.7	2.3
EV/EBITDA	30.5	12.6	10.9
EV/EBIT	na	na	40.9
PE	na	45.9	23.9

Source: TPICAP Midcap

Consensus FactSet - Analysts:na	12/24e	12/25e	12/26e
Sales	27.3	37.9	44.5
EBIT	-5.0	1.2	2.5
Net income	-10.1	2.2	4.3

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	31.1	31.7	32.6	27.3	37.9	44.5
Changes (%)	1.6	1.9	3.0	-16.2	38.6	17.4
Gross profit	29.1	29.3	30.6	25.7	35.7	41.9
% of Sales	93.8	92.5	93.7	94.0	94.1	94.2
EBITDA	**-9.5**	**-14.4**	**-0.2**	**3.4**	**8.2**	**9.4**
% of Sales	-30.5	-45.4	-0.7	12.4	21.7	21.2
Current operating profit	**-17.2**	**-23.1**	**-8.8**	**-3.9**	**1.2**	**2.5**
% of Sales	-55.4	-72.9	-27.0	-14.2	3.1	5.6
Non-recurring items	0.0	0.0	0.0	-1.1	0.0	0.0
EBIT	-17.2	-23.1	-8.8	-5.0	1.2	2.5
Net financial result	-1.0	-1.5	-1.5	-0.6	-0.2	-0.2
Income Tax	-0.1	0.5	-0.0	-1.0	-0.1	-0.2
Tax rate (%)	-0.5	2.0	-0.1	-11.6	5.0	5.0
Net profit, group share	**-15.7**	**-23.8**	**-9.9**	**-10.1**	**2.2**	**4.3**
EPS	na	na	na	na	0.02	0.05

Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	19.2	21.1	20.0	17.8	16.8	16.7
Right of Use	2.5	1.7	1.2	1.2	1.2	1.2
Financial assets	0.1	0.5	0.1	0.1	0.1	0.1
Working capital	11.5	5.7	11.2	11.5	13.1	15.3
Other Assets	7.9	12.6	10.5	11.3	12.4	14.0
Assets	41.1	41.7	43.0	41.8	43.6	47.3
Shareholders equity group	32.0	17.5	12.2	30.7	32.9	37.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	4.2	3.8	4.3	4.3	4.3	4.3
Net debt	-0.7	15.9	21.4	1.7	1.3	0.7
Other liabilities	5.6	4.5	5.1	5.1	5.1	5.1
Liabilities	41.1	41.7	43.0	41.8	43.6	47.3
Net debt excl. IFRS 16	-0.7	15.9	21.4	1.7	1.3	0.7
Gearing net	-0.0	0.9	1.7	0.1	0.0	0.0
Leverage	0.1	-1.1	-90.7	0.5	0.2	0.1

Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	-7.9	-17.7	0.2	-2.8	9.3	11.2
ΔWCR	1.9	6.7	-5.9	-0.3	-1.6	-2.2
Operating cash flow	-6.0	-11.0	-5.7	-3.0	7.6	8.9
Net capex	-14.1	-15.7	-5.3	-5.8	-7.3	-8.3
FCF	-19.6	-26.2	-10.2	-8.9	0.4	0.6
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	-5.0	-2.0	-4.7	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	1.2	9.7	4.7	28.5	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	-23.4	-18.5	-10.2	19.6	0.4	0.6
ROA (%)	na	na	na	na	5.1%	9.0%
ROE (%)	na	na	na	na	6.7%	11.4%
ROCE (%)	na	na	na	na	3.6%	6.7%

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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.

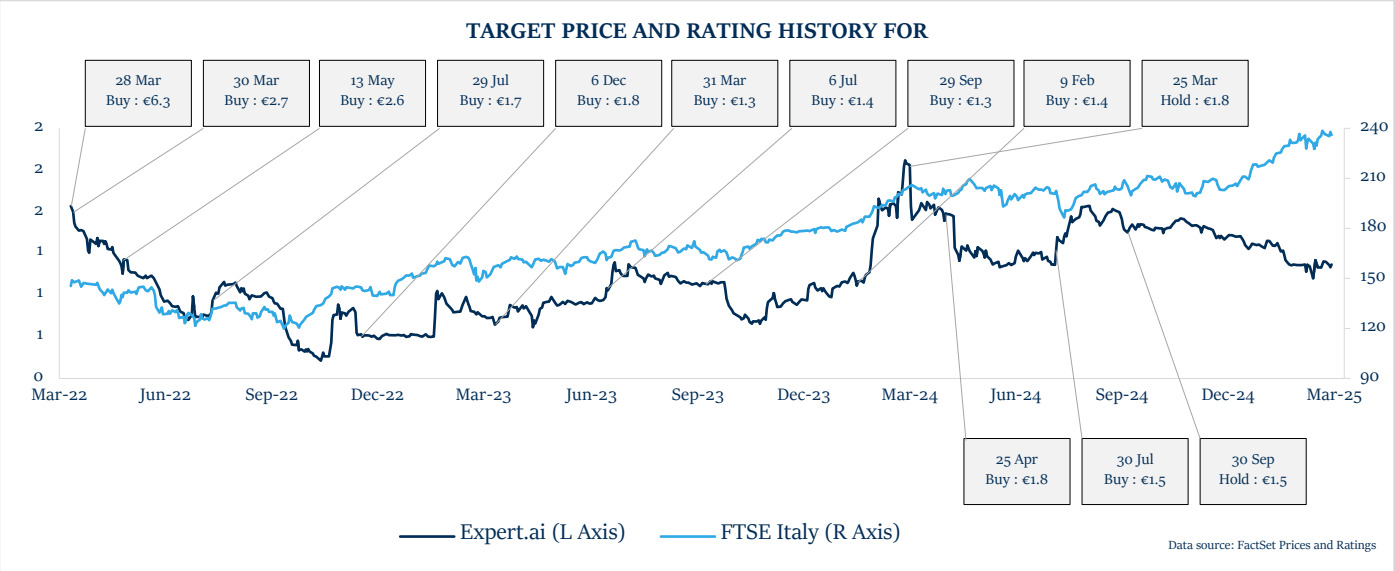
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J. Sponsored research or other issuer-related revenues represent more than 5% of the external provider's revenues: Expert.ai

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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
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
30 Jul 24 - 08:36:10	Davide Longo	€ 1.80	€ 1.50	€ 1.12	Achat	Buy
05 Jul 24 - 08:08:42	Davide Longo	€ 1.80	€ 1.80	€ 1.17	Achat	Buy
25 May 24 - 19:25:43	Davide Longo	€ 1.80	€ 1.80	€ 1.24	Achat	Buy
25 Apr 24 - 08:21:10	Davide Longo	NA	€ 1.80	€ 1.44	NA	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	60%
Hold	16%	70%
Sell	4%	17%
Under review	2%	100%

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