

## EQUITY RESEARCH

**EXPERT.AI**  
NEWS

**BUY, TP of 1.7€**  
Up/Downside: +116%

### The US market is the growth driver for the business

#### Strong revenue generation in the US, from €0.9m H1 2021 to €3.8m H1 2022

The company has published an overview of the first half results which will be released in September. Revenues generated were around €13.7m against expectations of €15m, but it should be noted that:

- Around 50% of SaaS revenues are now recurring (€6.8M vs. €4.5M in H1 2021).
- The US sales force managed to generate €3.9M, a 300% growth rate compared to H1 2021.
- More than 20 new customers have signed up and integrated expert.ai's technology into their business.

These results are in line with the strategic development plan for the US market.

We therefore confirm our current Buy recommendation, with an adjusted TP of €1.7 (versus €2.7) after taking into account the sharp rise in interest rates. The upside potential remains significant.

#### Key data

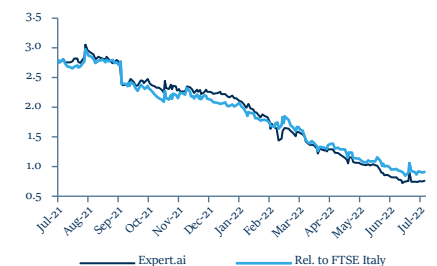
|  |                   |
|--|-------------------|
| Price (€)                                | 0.8               |
| Industry                                 | Packaged Software |
| Ticker                                   | EXAI-IT           |
| Shares Out (m)                           | 50,776.870        |
| Market Cap (m €)                         | 39,402.9          |
| Average trading volumes (k shares / day) | 31.683            |
| Next event                               | 29 Sept S1 2022   |

#### Ownership (%)

|                   |      |
|-------------------|------|
| Ergo s.r.l.       | 8.6  |
| Marco Varone      | 6.3  |
| Stefano Spaggiari | 6.1  |
| Free float        | 79.0 |

| EPS (€)                          | 12/22e | 12/23e | 12/24e |
|----------------------------------|--------|--------|--------|
| Estimates                        | -0.24  | -0.09  | 0.04   |
| Change vs previous estimates (%) | na     | na     | 0.00   |

| Performance (%) | 1D  | 1M   | YTD   |
|-----------------|-----|------|-------|
| Price Perf      | 2.1 | -4.0 | -65.4 |
| Rel FTSE Italy  | 0.1 | -2.6 | -56.7 |



| TP ICAP Midcap Estimates | 12/21 | 12/22e | 12/23e | 12/24e | Valuation Ratio | 12/22e | 12/23e  | 12/24e  |
|--------------------------|-------|--------|--------|--------|-----------------|--------|---------|---------|
| Sales (m €)              | 39.7  | 50.5   | 65.0   | 85.0   | EV/Sales        | 780.0  | 606.3   | 463.7   |
| Current Op Inc (m €)     | 0.0   | 0.0    | 0.0    | 0.0    | EV/EBITDA       | na     | 6,614.3 | 2,583.3 |
| Current op. Margin (%)   | 0.0   | 0.0    | 0.0    | 0.0    | PE              | na     | na      | 19.7    |
| EPS (€)                  | -0.31 | -0.24  | -0.09  | 0.04   |                 |        |         |         |
| DPS (€)                  | 0.00  | 0.00   | 0.00   | 0.00   |                 |        |         |         |
| Yield (%)                | 0.0   | 0.0    | 0.0    | 0.0    |                 |        |         |         |
| FCF (m €)                | -17.8 | -16.0  | -9.0   | -0.8   |                 |        |         |         |

| Consensus FactSet - Analysts:na | 12/22e | 12/23e | 12/24e |
|---------------------------------|--------|--------|--------|
| Sales                           | 39.5   | 52.9   | 72.5   |
| EBIT                            | -12.0  | -6.0   | 4.2    |
| Net income                      | -12.1  | -6.6   | 1.7    |

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## FINANCIAL DATA

| <b>Income Statement</b>                               | <b>12/19</b> | <b>12/20</b> | <b>12/21</b> | <b>12/22e</b> | <b>12/23e</b> | <b>12/24e</b> |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| Sales   | 39.7         | 37.4         | 39.7         | 50.5          | 65.0          | 85.0          |
| Changes (%)   | 11.9         | -5.8         | 5.9          | 27.4          | 28.7          | 30.8          |
| Gross profit  | 38.5         | 37.4         | 39.7         | 50.5          | 65.0          | 85.0          |
| % of Sales  | 96.9         | 100.0        | 100.0        | 100.0         | 100.0         | 100.0         |
| <b>EBITDA</b>   | <b>5.5</b>   | <b>-1.9</b>  | <b>-9.5</b>  | <b>-3.6</b>   | <b>6.0</b>    | <b>15.3</b>   |
| % of Sales  | 13.7         | -5.1         | -23.8        | -7.2          | 9.2           | 17.9          |
| <b>Current operating profit</b>                       | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>    | <b>0.0</b>    | <b>0.0</b>    |
| % of Sales  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Non-recurring items                                   | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| EBIT  | -2.9         | -9.5         | -17.2        | -11.3         | -3.7          | 3.5           |
| Net financial result                                  | 2.1          | 3.1          | -1.6         | -0.7          | -0.7          | -0.7          |
| Income Tax  | 0.2          | -0.9         | 0.1          | 0.0           | 0.0           | 0.8           |
| <b>Net profit, group share</b>                        | <b>-1.0</b>  | <b>-5.4</b>  | <b>-15.7</b> | <b>-12.0</b>  | <b>-4.4</b>   | <b>2.0</b>    |
| EPS   | na           | na           | na           | na            | na            | 0.04          |
| <b>Financial Statement</b>                            | <b>12/19</b> | <b>12/20</b> | <b>12/21</b> | <b>12/22e</b> | <b>12/23e</b> | <b>12/24e</b> |
| Goodwill  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Tangible and intangible assets                        | 13.8         | 14.3         | 19.2         | 20.3          | 20.6          | 19.4          |
| Right of Use  | 0.0          | 0.0          | 2.5          | 2.5           | 2.5           | 2.5           |
| Financial assets                                      | 0.3          | 0.3          | 7.9          | 7.9           | 7.9           | 7.9           |
| Working capital                                       | 9.6          | 12.6         | 14.2         | 17.9          | 22.8          | 27.3          |
| Other Assets  | 3.8          | 3.5          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Assets</b>   | <b>27.5</b>  | <b>30.6</b>  | <b>43.8</b>  | <b>48.5</b>   | <b>53.8</b>   | <b>57.1</b>   |
| Shareholders equity group                             | 20.9         | 44.6         | 32.0         | 19.9          | 15.5          | 17.5          |
| Minorities  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| LT & ST provisions and others                         | 0.1          | 0.0          | 9.8          | 5.6           | 5.6           | 5.6           |
| Net debt  | 1.6          | -20.9        | -3.3         | 16.2          | 25.9          | 27.2          |
| Other liabilities                                     | 4.8          | 7.0          | 5.3          | 6.8           | 6.8           | 6.8           |
| <b>Liabilities</b>                                    | <b>27.5</b>  | <b>30.6</b>  | <b>43.8</b>  | <b>48.5</b>   | <b>53.8</b>   | <b>57.1</b>   |
| Net debt excl. IFRS 16                                | 1.6          | -20.9        | -3.3         | 16.2          | 25.9          | 27.2          |
| Gearing net   | 0.1          | -0.5         | -0.1         | 0.8           | 1.7           | 1.6           |
| Leverage  | 0.3          | 10.9         | 0.3          | -4.4          | 4.3           | 1.8           |
| <b>Cash flow statement</b>                            | <b>12/19</b> | <b>12/20</b> | <b>12/21</b> | <b>12/22e</b> | <b>12/23e</b> | <b>12/24e</b> |
| CF after elimination of net borrowing costs and taxes | 1.2          | 2.2          | -8.0         | -4.4          | 5.2           | 13.8          |
| $\Delta$ WCR  | -3.5         | -2.9         | -1.6         | -3.7          | -4.9          | -4.5          |
| Operating cash flow                                   | -2.3         | -0.8         | -9.6         | -8.0          | 0.3           | 9.2           |
| Net capex   | -6.6         | -8.1         | -6.7         | -8.7          | -10.0         | -10.5         |
| FCF   | -5.4         | -11.6        | -17.8        | -16.0         | -9.0          | -0.8          |
| Acquisitions/Disposals of subsidiaries                | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Other investments                                     | 7.4          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in borrowings                                  | 4.0          | 12.7         | -7.5         | 1.5           | 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           |
| Others  | 7.1          | 32.7         | 0.3          | -2.7          | 0.0           | 0.0           |
| Changes in exchange rates                             | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in net cash over the year                      | 9.6          | 36.5         | -23.5        | -18.0         | -9.7          | -1.3          |

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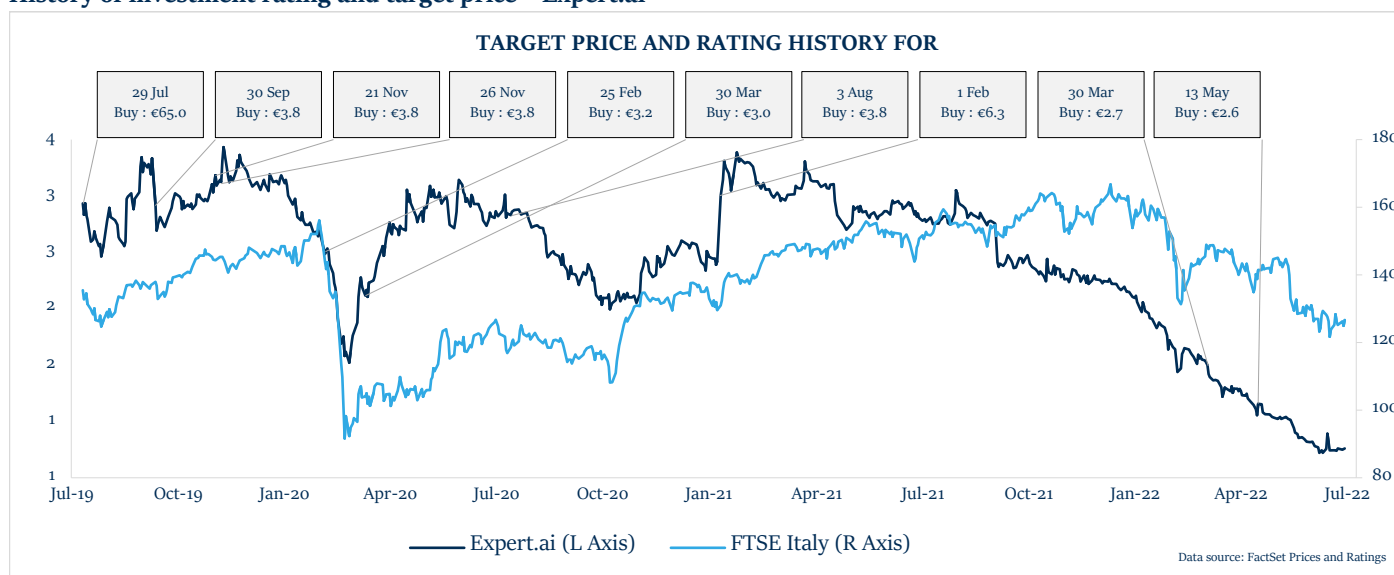
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|--------------|--------------------------|--|
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| Hold         | 13%                      | 8%   |
| Sell         | 1%                       | 0%   |
| Under review | 0%                       | 0%   |

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