



SPAFID
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<i>Testo del comunicato</i>

Vedi allegato.



Expert.ai: December 31, 2021 results approved

Strong increase in recurring licenses, 25% YoY, confirming a strategic area of focus for the Group

EBITDA: Outperforms guidance thanks to effective cost control, despite significant investments in key growth capabilities including sales, marketing and R&D teams

- **Value of production: Euro 39.6 million (Euro 37.4 million)¹**
- **Total revenues²: Euro 31.1 million (Euro 30.6 million)**
- **EBITDA: Euro -9.5 million (Euro -4.6 million)**
- **EBIT: Euro -17.2 million (Euro -11.6 million)**
- **Net Financial Debt: cash positive Euro 0.7 million (cash positive Euro 18.8 million)**
- **Shareholders' equity: Euro 32 million (Euro 47 million)**

March 29, 2022

The Board of Directors of expert.ai, the leader in artificial intelligence (AI) for language understanding, met today and approved the Group's Consolidated Financial Statements and Draft Financial Statements as of December 31, 2021.

Walt Mayo, CEO of expert.ai, commented:

"We entered 2021 with clear intent – to build the technology and the team to transform our business and accelerate our growth. The launch of the expert.ai Platform was a breakthrough in offering a practical, scalable approach to AI that unlocks the value of language that powers and surrounds enterprises. And the almost 100 new employees across the business and in our US growth market are joining in our mission of turning language into data so humans can make better decisions.

With recurring revenue registering strong growth and comprising 64% of our core revenues, we also accelerated our transformation to an enterprise SaaS business

¹ Financial data in brackets refer to December 31, 2020

² Sales (net of change in inventories) plus Other revenues



model. And underlying all of this is a continued explosion in language data, growing demand for practical AI, and mounting consensus that traditional machine learning alone is insufficient to tackle the most important challenges in the enterprise. Our deep experience and Hybrid NL Platform sets us apart as a global technology leader that can both deliver business impact now and offer the long-term capability to analyze, understand and accelerate language across any domain or process.”

Main consolidated economic and financial results as of December 31, 2021

Value of Production is Euro 39.6 million, compared to Euro 37.4 million in fiscal year 2020.

Total revenues as of December 2021 are Euro 31.1 million, slightly below the guidance range of Euro 33 million - 35 million, but with a 25% increase in recurring licenses YoY, from Euro 11.3 million in 2020 to Euro 14.1 million in 2021, representing more than half of total 2021 revenues .

The variance from guidance is mainly from the Professional services component and was primarily driven by fewer large custom project deployments and consistent with the company's shift to scalable technology and delivery.

EBITDA is negative Euro 9.5 million (negative Euro 4.6 million as of December 2020). The decrease is mainly attributable to higher investments in personnel aimed at expanding the teams for sales and marketing and research and development (around 100 new hires in 2021).

Against 2021-2024 guidance estimates for negative EBITDA ranges between Euro -11 and -13 million, the EBITDA outperformance reflected effective cost control while continuing to invest in key growth capabilities including sales, marketing, and development teams.

Financial management shows a positive result of Euro 1.6 million (compared to positive Euro 3.1 million as of December 2020).

Net result shows a loss of Euro 15.7 million (compared to a loss of Euro 7.7 million as of December 2020).

Net financial debt is positive Euro 0.7 million, compared to the net financial position of Euro 18.8 million as of December 2020.

Shareholders' equity is Euro 32.0 million, compared to Euro 44.6 million as of December 2020.



Main economic and financial results of Expert System S.p.A.

Revenues from sales amounts to Euro 22.1 million (Euro 19.3 million in 2020). Value of Production is Euro 31.4 million (Euro 26.9 million in 2020). EBITDA is Euro 2.3 million (Euro 0.1 million in 2020). EBIT amounts to Euro -3.1 million (Euro 4.4 million in 2020). The Net result is negative for Euro 2.9 million (Euro 0.8 million in 2020). The Net Financial Position is cash negative Euro 1.1 million (cash positive Euro 19.5 million as of December 31, 2020). Shareholders' Equity amounts to Euro 77.3 million (Euro 77.9 million as of December 31, 2020).

Proposed allocation of net result for the period

The Board of Directors resolved to propose that the General Meeting of Shareholders carry forward the loss for the period, amounting to Euro 2,938,453.

Main corporate events in 2021

FINANCIAL EVENTS

On May 11, 2021, expert.ai communicated the new company name "Expert.ai S.p.A." and the subsequent modification of the ticker from "EXSY" to "EXAI."

On June 22, 2021, expert.ai launched the new platform ("expert.ai Platform").

On October 20, 2021, expert.ai filed the Information Prospectus with CONSOB and presented the application for admission to Euronext Milan.

On November 22, 2021, expert.ai announced its North American headquarters in Boston.

CUSTOMERS, PARTNERSHIPS AND AWARDS

On January 7, 2021, expert.ai announced the signing of an agreement with HX, a business unit of Howden Group Holdings specializing in the analysis and digital distribution of data for the insurance sector.



On February 15, 2021, expert.ai announced the acquisition of a new customer, the French independent mutual insurance group Le Conservateur.

On February 23, 2021, expert.ai entered into a new agreement with The Associated Press (AP), the first independent international news agency based in New York, to supply the new expert.ai platform.

On March 23, 2021, expert.ai signed an agreement with the leading Italian insurance company Reale Mutua to streamline the claims management process.

On April 8, 2021, expert.ai consolidated its partnership with Fincons Group, a leading international consultant and system integrator, to support the digital transformation of banks and insurance companies.

On April 15, 2021, expert.ai signed an agreement with the law firm Cartwright Pescatore to simplify and speed up the analysis and classification of legal documents, acts, contracts and other legislative texts.

On May 18, 2021, expert.ai announced the extension of its collaboration with EBSCO, a leading provider of research content, technologies and services for scientific research and libraries.

On June 30, 2021, expert.ai received the Ventana Research "Digital Innovation" award, winning first place in the "Digital Technology" category.

On July 7, 2021, expert.ai announced an OEM partnership with msg DAVID, a German leader in software solutions and IT consulting, to offer IT solutions based on artificial intelligence to exploit the potential of corporate data.

On July 12, 2021, expert.ai was included in the "KMWorld AI 50," the list of 50 companies that stand out for their ability to improve knowledge management using artificial intelligence by KMWorld magazine.

On August 18, 2021, expert.ai announced its participation in Gaia-X, a pan-European project launched to allow safe, open and sovereign use of data.

On August 23, 2021, expert.ai was recognized at the WorldFestival 2021 Innovation Awards in the category of "Artificial Intelligence & Machine Learning."

On August 24, 2021, expert.ai announced the launch of the SCUDO (Semantic Clauses Understanding and Detection) project, an artificial intelligence platform for supporting businesses and citizens in implementing technology for the automatic understanding of legal language OR an artificial intelligence platform for supporting businesses and citizens in understanding legal language.

On September 8, 2021, the expert.ai platform was named a "KMWorld Trend-Setting Product of 2021," an award dedicated to the most advanced and



innovative technological solutions capable of improving knowledge management and organizational efficiency.

On September 21, 2021, expert.ai announced a partnership with the Modena Volley volleyball company and team, illustrating two innovative artificial intelligence projects and inaugurating the expert.ai Academy, the center of training courses instituted by the company to support young people with an interest in artificial intelligence technologies, machine learning, natural language understanding and natural language processing.

On October 5, 2021, expert.ai was awarded "Best natural language processing technology" at the AI TechAwards 2021.

On October 14, 2021, the expert.ai NL API was awarded the "Best API Debut" at the API Awards 2021.

On November 16, 2021, expert.ai was included in the Gartner® 2021 "Impact Radar" report dedicated to artificial intelligence technologies and trends.

On December 15, 2021, expert.ai announced that it obtained ISO / IEC 27001:2013 certification for its Information Security Management System.

Significant events occurring after the closing of the financial statements as of December 31, 2021

On January 27, 2022, expert.ai strengthened its agreement with RSA, a longstanding global insurance company and market leader in Great Britain.

On January 12, 2022, expert.ai announced that it was included among vendors specialized in artificial intelligence technologies based on a hybrid approach (Composite AI or Hybrid AI) in the Gartner report, "Innovation Insight for Composite AI."

Finally, on February 15, 2022, the company announced its collaboration with the United States National Security Research Center at the Los Alamos Laboratory. Expert.ai artificial intelligence will be used to simplify research and exploration of digital documents by researchers.

Foreseeable evolution of management

In 2022, the company intends to continue its path for growth and business expansion, leveraging the investments made in the last 18 months. The



expansion of its sales team, the growth in marketing and R&D areas and the optimization of the go-to-market strategy with the new proprietary platform, together represent a solid foundation for development over the next few years. There will be continued focus on sales for recurring licenses and on the indirect sales channel, as well as a continued commitment on the marketing side to consolidate positioning as a global leader in the sector of artificial intelligence platforms for natural language understanding and natural language processing.

Regarding Consob's March 18, 2022 call for attention on the impact of the war in Ukraine on insider information and financial reporting, the company is not directly exposed to the markets affected by the Russia-Ukraine conflict. However, it is closely following the crisis, aware that the tensions being generated will have an impact beyond these geographic areas.

Call of the Shareholders' Meeting

The Notice of Call of the Shareholders' Meeting, which will be published within the deadlines established by law and by the Articles of Association, will also indicate the procedures for participating in the meeting, with a view toward meeting the needs of the current emergency situation and in accordance with the provisions of the pro tempore regulations in force. The documentation related to the agenda items will be made available to the public at the registered office and on www.expert.ai.

Expert.ai results as of December 31, 2021 will be presented to the financial community on March 30, 2022 in a webinar at 3:00 p.m. CET / 10:00 a.m. EDT. For more information, please refer to the contacts at the bottom of this press release.

This press release is available on the Company's website www.expertsystem.com/it and at www.emarketstorage.com.

About expert.ai

Expert.ai (EXAI:IM) is a leading company in AI-based natural language software. Organizations in insurance, banking and finance, publishing, media and defense all rely on expert.ai to turn language into data, analyze and understand complex documents, accelerate intelligent process automation and improve decision making. Expert.ai's purpose-built natural language platform pairs simple and powerful tools with a proven hybrid AI approach that combines symbolic and machine learning to solve real-world problems and enhance business operations at speed and scale. With offices in Europe and North America, expert.ai serves global businesses such as AXA XL, Zurich Insurance Group, Generali, The Associated Press, Bloomberg INDG, BNP Paribas, Rabobank, Gannett and EBSCO.

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- Consolidated Balance Sheet as of 31/12/2021
- Consolidated Net Financial Position as of 31/12/2021
- Consolidated Income Statement as of 31/12/2021
- Balance Sheet Expert.ai S.p.A. as of 31/12/2021
- Net Financial Position Expert.ai S.p.A. as of 31/12/2021
- Income statement of Expert.ai S.p.A. as of 31/12/2021

Please note that the economic and financial data reported are currently being certified by the appointed Auditing Company.

Consolidated balance sheet	12/31/2021	12/31/2020	Change
Net intangible assets	18,341,592	16,239,576	2,102,016
Right of use	2,453,906	1,517,575	936,331
Net tangible assets	893,036	719,211	173,825
Equity investments and other non - current financial assets	7,943,233	7,124,399	818,834
Fixed capital	29,631,767	25,600,761	4,031,006
Inventory	0	10,700	(10,700)
Trade receivables	20,866,081	17,809,832	3,056,249
Other receivables	5,739,988	4,950,988	789,000
Accrued income and prepaid expenses	319,903	407,221	(87,318)
Short-term assets	26,925,972	23,178,741	3,747,231
Trade payables	(3,299,892)	(4,117,024)	817,132
Advance payments	(722,607)	(297,054)	(425,553)
Tax and social security payments	(2,148,411)	(1,729,924)	(418,487)
Other payables	(4,890,569)	(3,029,146)	(1,861,423)
Accrued expenses and deferred income	(4,389,549)	(4,374,410)	(15,139)
Short-term liabilities	(15,451,028)	(13,547,558)	(1,903,470)
Net working capital	11,474,944	9,631,183	1,843,761
Employee severance indemnity	(4,168,802)	(3,368,195)	(800,607)



Accrued expenses and deferred income after 12 months	(4,088,251)	(2,731,986)	(1,356,265)
Other medium-long term liabilities	(1,551,470)	(987,828)	(563,642)
Medium long term liabilities	(9,808,523)	(7,088,009)	(2,720,514)
INVESTED CAPITAL	31,298,188	28,143,935	3,154,253
Shareholders' equity	(31,966,280)	(46,925,796)	14,959,516
Net medium long term financial position	(21,342,458)	(29,258,374)	7,915,916
Net short term financial position	22,010,550	48,040,234	(26,029,684)
OWN EQUITY AND NET FINANCIAL DEBT	(31,298,188)	(28,143,936)	(3,154,252)

Consolidated Net financial position	12/31/2021	12/31/2020	Change
A - Cash on hand	30,533,999	53,978,391	(23,444,392)
B - Cash equivalents	-	-	-
C - Other current financial assets	16,472	16,324	148
D- Liquidity (A + B + C)	30,550,471	53,994,715	(23,444,244)
E - Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	3,036,847	2,946,536	90,311
F - Current portion of non-current financial debt	5,503,074	3,007,945	2,495,129
G - Current financial debt (E + F)	8,539,921	5,954,481	2,585,440
H - Net current financial debt (D-G)	22,010,550	48,040,234	(26,029,684)
I - Non-current financial debt (excluding current portion and debt instruments)	12,703,046	18,245,944	(5,542,898)
J - Debt instruments	6,022,700	7,931,800	(1,909,100)
K - Trade payables and other non-current payables	2,616,712	3,080,630	(463,918)
L - Non-current financial debt (I+J+K)	21,342,458	29,258,374	(7,915,916)
M - Net financial debt (H-L)	668,092	18,781,860	(18,113,768)

Consolidated Income statement	12/31/2021	12/31/2020	Change
Net revenues	28,451,724	28,097,996	353,728
Other revenues	2,639,657	2,529,260	110,397
Inventory change	(10,700)	(47,908)	37,208
Total revenues	31,080,681	30,579,348	501,333
Own work capitalized	8,568,245	6,867,590	1,700,655
Production value	39,648,926	37,446,938	2,201,988
External operating costs	(16,556,564)	(16,260,025)	(296,539)
Economic value added (EVA)	23,092,362	21,186,913	1,905,449
Cost of labour	(32,569,238)	(25,769,994)	(6,799,244)
EBITDA	(9,476,876)	(4,583,081)	(4,893,795)
Amortizations, depreciations and other provisions	(7,749,192)	(7,023,930)	(725,262)
EBIT	(17,226,068)	(11,607,011)	(5,619,057)
Financial income and expenses	1,581,025	3,103,530	(1,522,505)
Pre - tax results	(15,645,043)	(8,503,481)	(7,141,562)
Income taxes	(78,581)	841,785	(920,366)

Net result	(15,723,624)	(7,661,696)	(8,061,928)
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Balance sheet Expert.ai Spa	12/31/2021	12/31/2020	Change
Net intangible assets	12,160,327	9,465,117	2,695,210
Right of use	1,514,809	1,186,618	328,192
Net tangible assets	790,386	614,797	175,589
Equity investments and other non - current financial assets	64,409,894	35,146,934	29,262,961
Fixed capital	78,875,417	46,413,466	32,461,951
Trade receivables	17,326,607	26,394,865	(9,068,258)
Other receivables	2,163,076	1,667,600	495,476
Accrued income and prepaid expenses	218,786	281,971	(63,185)
Short-term assets	19,708,470	28,344,437	8,635,968
Trade payables	(2,909,249)	(3,802,243)	892,994
Advance payments	(687,607)	(297,054)	(390,553)
Tax and social security payments	(722,638)	(495,146)	(227,493)
Other payables	(5,598,318)	(3,998,905)	(1,599,413)
Accrued expenses and deferred income	(2,061,328)	(2,150,633)	89,305
Short-term liabilities	(11,979,140)	(10,743,981)	(1,235,159)
Net working capital	7,729,330	17,600,456	(9,871,127)
Employee severance indemnity	(4,168,802)	(3,368,195)	(800,607)
Accrued expenses and deferred income after 12 months	(2,693,778)	(1,621,262)	(1,072,517)
Other medium-long term liabilities	(1,325,685)	(646,567)	(679,118)
Medium long term liabilities	(8,188,266)	(5,636,024)	(2,552,242)
INVESTED CAPITAL	78,416,481	58,377,898	20,038,583
Shareholders' equity	(77,291,840)	(77,896,681)	604,841
Net medium long term financial position	(20,101,803)	(27,542,816)	7,441,013
Net short term financial position	18,977,162	47,061,599	(28,084,437)
OWN EQUITY AND NET FINANCIAL DEBT	(78,416,481)	(58,377,898)	(20,038,583)

Net Financial position Expert.ai Spa	12/31/2021	12/31/2020	Change
A - Cash on hand	26,744,664	50,741,045	(23,996,380)
B - Cash equivalents	-	-	-
C - Other current financial assets	243,697	866,395	(622,698)
D- Liquidity (A + B + C)	26,988,361	51,607,440	(24,619,079)
E - Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	2,508,125	1,537,896	970,229
F - Current portion of non-current financial debt	5,503,074	3,007,945	2,495,129
G - Current financial debt (E + F)	8,011,200	4,545,841	3,465,358

H - Net current financial debt (D-G)	18,977,162	47,061,599	(28,084,437)
I - Non-current financial debt (excluding current portion and debt instruments)	12,703,045	18,245,945	(5,542,899)
J - Debt instruments	6,022,700	7,931,800	(1,909,100)
K - Trade payables and other non-current payables	1,376,058	1,365,071	10,986
L - Non-current financial debt (I+J+K)	20,101,803	27,542,816	(7,441,013)
M – Net financial debt (H-L)	(1,124,641)	19,518,783	(20,643,424)

Income statement Expert.ai Spa	12/31/2021	12/31/2020	Change
Net revenues	22,107,326	19,332,761	2,774,565
Other revenues	1,834,103	1,930,424	(96,321)
Total revenues	23,941,429	21,263,185	2,678,244
Own work capitalized	7,422,773	5,636,167	1,786,606
Production value	31,364,202	26,899,352	4,464,850
External operating costs	(12,988,087)	(13,327,719)	339,632
Economic value added (EVA)	18,376,115	13,571,633	4,804,482
Cost of labour	(16,034,977)	(13,467,351)	(2,567,626)
EBITDA	2,341,138	104,282	2,236,856
Amortizations, depreciations, and other provisions	(5,473,312)	(4,462,089)	(1,011,223)
EBIT	(3,132,174)	(4,357,807)	1,225,633
Financial income and expenses	673,161	3,389,585	(2,716,424)
Pre – tax results	(2,459,013)	(968,222)	(1,490,791)
Income taxes	(479,440)	207,294	(686,734)
Net result	(2,938,453)	(760,928)	(2,177,525)

Fine Comunicato n.20040-12

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