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Informazione Regolamentata n. 20040-32-2021	Data/Ora Ricezione 15 Ottobre 2021 22:31:30	AIM -Italia/Mercato Alternativo del Capitale
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Societa' : EXPERT.AI
Identificativo : 153068
Informazione
Regolamentata
Nome utilizzatore : EXPERTSYSTN02 - Francesca Spaggiari
Tipologia : REGEM; 3.1
Data/Ora Ricezione : 15 Ottobre 2021 22:31:30
Data/Ora Inizio : 15 Ottobre 2021 22:31:33
Diffusione presunta
Oggetto : Extraordinary and Ordinary Shareholders'
Meeting and Board of Directors

Testo del comunicato

Vedi allegato.



Expert.ai: the Extraordinary and Ordinary Shareholders' Meeting approved all the agenda

The Board of Directors approved the new 2021-2024 Business Plan

Target 2024: Revenues and EBITDA confirmed in line with previous plan

Appointment of the Management Control Committee

Modena, October 15, 2021

The Shareholders' Meeting of expert.ai, leader in the market of artificial intelligence applied to language understanding, (the "Company"), held today in Extraordinary and Ordinary session, resolved all the proposed resolutions presented by the Board of Directors:

- the adoption of the one-tier system of administration and control and the related amendments to the articles of association, in order to allow for better integration of control activities within the Board of Directors through the establishment of the Management Control Committee and to help align the Company's governance with international best practices;
- the granting to the Board of Directors of a proxy, pursuant to articles 2443 and 2420-ter of the Italian Civil Code, to increase the share capital and/or issue convertible bonds in one or more *tranches*, also excluding option rights pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 10 million to be exercised by December 31, 2024;
- the integration of the Board of Directors through the appointment of Patrizia Arioli and the determination of the remuneration due to the members of the Management Control Committee. Following this integration, consequent to the adoption of the one-tier system of administration and control and in the light of the project to list the Company's ordinary shares on the *Mercato Telematico Azionario*, the Board of Directors, that will remain in office until the Shareholders' Meeting which will discuss the approval of the financial statements as at December 31, 2021, is composed as follows:
 - Stefano Spaggiari (Executive Chairman)



- Marco Varone (Director)
- Walter Lloyd Mayo III (Director)
- Sara Polatti (Director)
- Patrizia Arioli (Independent director)
- Alberto Sangiovanni Vincentelli (Independent Director) ⁽¹⁾
- Stefano Pedrini (Independent Director) ⁽¹⁾
- Ettore Leale (Independent Director) ⁽¹⁾
- Karen Jo Cambray (Independent Director) ⁽¹⁾
- the approval of the project for the admission to listing of the Company's ordinary shares on the *Mercato Telematico Azionario* and the adoption - subject to, and with effective from, the start of trading on the *Mercato Telematico Azionario* - of a new Company's Articles of Association in line with the best market practices of listed companies.

The Company's Board of Directors, who met today, resolved, *inter alia*, to adopt the 2021-2024 Business Plan (the "Business Plan") which by continuing the growth strategy of the previous "Path to Lead 2020-2024" plan disclosed to the market on June 9, 2020 confirms its main objectives.

2024 Targets confirmed

The main consolidated economic and financial targets as of December 31, 2024 are essentially in line with the "*Path to Lead 2020-2024*" plan:

- Consolidated revenues of approximately Euro 103 million⁽²⁾, with licenses accounting for approximately 80%;
- CAGR 2020-2024 total revenues of 35% and an impact of the US revenues of approximately 50% of the total;
- Consolidated EBITDA of approximately Euro 24.0 million;
- Consolidated NFP negative for about Euro 3.8 million.

The new 2021-2024 Business Plan has been formulated to correctly represent the effects of the adoption of IFRS accounting standards and to reflect the evidence found out in the first phase of execution of the "Path to Lead 2020-2024" plan mainly in terms of higher costs of labour.

⁽¹⁾ Previously positively assessed by the Nomad pursuant to article 6-*bis* of the AIM Italia Issuers' Regulation. They declared to comply with the independence requirements set out in articles 147-*ter*, paragraph 4 and 148, paragraph 3 of the Italian *Testo Unico della Finanza*.

⁽²⁾ Revenues also include the grants for research and development.



With regard to the effects of adopting the IFRS accounting standards, the higher costs mainly relate to the existing stock option and stock grant plans, for a foreseeable amount of Euro 12.8 million during the Business Plan period. Regarding the higher costs, also distributed over the four years of the Business Plan and for a foreseeable total amount of Euro 9.5 million, these are attributable to personnel, particularly in the sales and R&D area, for which the Company has found, especially in the United States but also in Europe, a limited availability of qualified professional resources and a consequent increase in the average remuneration of the personnel selected.

Despite the expected increase in costs, the Business Plan envisages maintaining the existing level of indebtedness thanks to the use of the proceeds of the share capital increase carried out in July 2020, for a total of Euro 25 million, and the physiological renegotiation of the existing medium/long-term bank debt, which has already started in 2020. In this context, the Company will also be able to use of the resources coming from the exercise of the proxy pursuant to Articles 2443 and 2420-ter of the Italian Civil Code resolved by today's Shareholders' Meeting in order to have further instruments aimed at optimizing its financial structure during the implementation of the plan.

It should also be noted that the planned listing on the *Mercato Telematico Azionario* will take place without raising new capital, confirming the sustainability of the Industrial Plan with existing financial resources and with the same level of financial debt.

Guidance 2021

The key consolidated economic and financial targets for the year ending December 31, 2021 are the following:

- Revenues: Euro 33 -35 million, in line with the "Path to Lead 2020-2024" plan;
- EBITDA: negative Euro 11 - 13 million; compared to the forecasts of the "Path to Lead 2020-2024" plan (where EBITDA 2021 was negative for Euro 4.7 million), this estimate reflects, for approximately Euro 3.0 million, the evidence of higher costs of labour, particularly in the sales area, in addition to the effect of the application of IFRS accounting standards for approximately Euro 3.0 million.

During the same meeting of the Board of Directors, considering the adoption of the one-tier system of administration and control resolved by the



Shareholder's Meeting, the Board of Directors also resolved to appoint as members of the Management Control Committee the following Directors:

- Patrizia Arioli, enrolled in the register of auditors, as Chairman of the Management Control Committee;
- Alberto Sangiovanni-Vincentelli;
- Stefano Pedrini,

Preliminarily, it was verified the existence of the independence requirements and of the additional legal requirements for the above-mentioned directors.

Withing the context of the admission to listing on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A., already disclosed to the market on September 28, 2021, the Board of Directors also resolved to submit the request for publication of the Prospectus to Consob and the application for admission to listing to Borsa Italiana S.p.A.

The planned move will increase visibility and accessibility for investors around the world seeking to participate in the exponential growth in artificial intelligence (AI) technology. With 20 years of experience in AI-enabled natural language understanding (NLU), a roster of top tier Global 1000 customers, and presence across Europe and North America, Expert.ai is strongly positioned to lead the adoption of NLU technology to power better insights and decisions across the enterprise.

Expert.ai launched its accelerated growth strategy in 2020 with the hiring of its first non-founder CEO and subsequent raise of Euro 25 million. With additional funds gained through disposal of assets, the company is investing in its transformation into a subscription-based Software as a Service (SaaS) model focusing on growth in the North America market and expansion of its channel partner model. The launch of the expert.ai Platform marked a breakthrough in combining the best of available AI technologies with expert.ai's unique capabilities in NLU. This integrated, intuitive, and powerful platform to design and deploy NLU solutions across any process or domain expands the potential market and scales delivery for expert.ai.



Walt Mayo, CEO of expert.ai, declared:

"We are excited to continue our growth and evolution with our planned listing on the MTA. This journey began more than 20 years ago, but has entered a new phase of accelerated growth at a time when adoption of AI in businesses around the world is increasing dramatically and the market for AI software is projected to reach more than \$500BN in 2024⁽³⁾. We intend to lead globally in bringing the power of NLU to businesses through a platform that delivers best in class performance, cost, and ease of use. Our vision is to make everyone an expert with AI tools that enable them to harness the value of language that surrounds and powers business and everyday life.

Since crafting our Plan in 2020, we have continued to refine and hone our growth plans and remain committed to our target of Euro 103 Million of SaaS-driven revenue in 2024. We have planned flexibility in our investment decisions and will remain agile in our execution, particularly to ensure that we offer world-class capability for our technology delivery and the support needed to develop and grow our channel partners. And we will continue to extend and broaden our offerings to make our technology relevant to all the enterprises who can realize value by turning language into data. We see, in particular, opportunity to grow rapidly in the US market, with the region generating more than 50% of our revenue in 2024.

We recognize this is an ambitious goal, but remain confident in the opportunity, our ability to execute, and the financial resources available to achieve it. This is an incredibly exciting time for expert.ai and its stakeholders and I am honored to be part of this world-class team that shares a sense of purpose and values."

This press release is available on the Company's website <https://www.expert.ai> and on www.emarketstorage.com.

About expert.ai

⁽³⁾ International Data Corporation (IDC) "Worldwide Semiannual Artificial Intelligence Tracker", Aug 4, 2021, <https://www.idc.com/getdoc.jsp?containerId=prUS48127321>



Expert.ai is the premier artificial intelligence platform for language understanding. Its unique hybrid approach to NL combines symbolic human-like comprehension and machine learning to transform language-intensive processes into practical knowledge, providing the insight required to improve decision making throughout organizations. By offering a full range of on-premise, private and public cloud offerings, expert.ai augments business operations, accelerates and scales data science capabilities and simplifies AI adoption across a vast range of industries including Insurance, Banking & Finance, Publishing & Media, Defense & Intelligence, Life Science & Pharma, Oil Gas & Energy, and more. The expert.ai brand is owned by Expert System (EXSY:MIL), that has cemented itself at the forefront of natural language solutions, and serves global businesses such as AXA XL, Zurich Insurance Group, Generali, The Associated Press, Bloomberg INDG, BNP Paribas, Rabobank, Gannett, and EBSCO.

For more information visit <https://www.expert.ai/>

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Numero di Pagine: 8