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<i>Testo del comunicato</i>

Vedi allegato.



Expert.ai: Results as of June 30, 2022 approved

Accelerating SaaS growth toward a recurring revenue business model

Strong NA market growth

Growing recognition of technology leadership

Ongoing actions to align growth and costs and improve profitability

September 29, 2022

The Board of Directors of expert.ai, a company listed on the Euronext Growth Milan and a leader in the artificial intelligence market for natural language understanding, met today and approved the Consolidated Financial Report as of June 30, 2022.

Walt Mayo, CEO of expert.ai, commented as follows: *"We entered 2022 with a clear focus on the strategic transformation launched 18 months ago to become a global AI leader with advantaged technology, build a SaaS-based business model, and drive growth in the North American market. We have made solid progress, and our Annual Recurring Revenue (ARR) growth of 46% YoY is a critical measure of this, as it forms the basis for predictable and profitable long-term revenue. The 1H of 2022 results also showed where we need to improve to deliver profitability and sustained growth. We have taken steps to grow our sales productivity, refine our go-to-market initiatives and offerings to ensure faster sales cycles and better return on our spend, and optimize operational areas like cloud delivery and deployment costs. The backdrop of economic uncertainty - particularly in Europe, which still comprises most of our revenue- only reinforces our ongoing focus on actions to deliver the efficient growth and customer value that drives profitability.*



The opportunity is compelling. Natural Language technology is one of the largest segments of the AI market and global enterprises are recognizing our leadership in the clearest way possible – by adopting it to drive their businesses. There is growing consensus among analysts on the critical advantage we offer in our "hybrid" AI approach, a key competitive strength for expert.ai. We are also encouraged by our progress working with partners and technology companies to enhance their offerings for robotic process automation, search and operating platforms for domains like insurance. These trends reinforce our commitment to our goal of becoming the global leader in this critical emerging technology and creating value for our stakeholders and customers."

KEY CONSOLIDATED FINANCIAL RESULTS AS OF JUNE 30, 2022

Value of production amounts to Euro 18.5 million, compared to Euro 16.2 million as of June 30, 2021.

Total revenues for the first half of 2022 show an increase of +17% compared to the first half of 2021 and amounted to Euro 13.9 million compared to Euro 11.8 million in the first half of 2021. This increase is driven by a focus on both SaaS Revenues and growth in the North American market as a result of the Group's accelerated transformation path and technology enhancement.

- **SaaS revenues** amounted to Euro 6.8 million compared to Euro 4.5 million as of June 30, 2021, and account for about half of total revenues for the six-month period.
- Revenues from **North America** reached Euro 3.9 million compared to Euro 0.9 million recorded in the first half of 2021, accounting for 31% of sales revenues.

EBITDA is negative for Euro 11.1 million (negative for Euro 8.1 million as of June 30, 2021), mainly due to both the investments made to strengthen the Sales & Marketing and Research & Development teams and the cost spike reached in the



first part of the year to accelerate the strategic directions of technological development, business model evolution and growth, particularly in North America. The product & service offerings and the Go-to-Market strategy were also refined to ensure more effective sales cycles and increase sales productivity. At the same time, given the current macroeconomic environment, initiatives have been undertaken to optimize operational areas, such as cloud services and implementation costs, as well as to balance costs and growth, improving profitability.

EBIT is negative for Euro 14.9 million (negative for Euro 11.5 million as of June 30, 2021), reflecting significant amortization of intangible assets of Euro 3.7 million, mainly referring to capitalized development costs.

Financial management reports a negative result of Euro 0.2 million (positive Euro 0.3 million as of June 30, 2021).

The **Net Result** reports a loss of Euro 14.7 million (loss of Euro 11 million as of June 30, 2021).

Net Financial Position is negative for Euro 11 million, compared to a positive NFP of Euro 0.7 million as of December 31, 2021.

Shareholders' Equity amounts to Euro 19.3 million, compared to Euro 32 million as of June 30, 2021.

Main events occurring during the first half of 2022

FINANCIAL EVENTS

On **January 18, 2022**, expert.ai announced the change in share capital following the exercise of the third tranche of the 2018-2020 Stock Option Plan and the first tranche of the 2020-2023 Stock Option Plan.



On **May 3, 2022**, expert.ai announced the appointment of members of the Management Control Committee, composed of the following Independent Directors:

- Paola Alessandra Paris;
- Stefano Pedrini;
- Cecilia Garattini.

On **May 12, 2022**, expert.ai announced the free allotment of 697,100 ordinary shares following the vesting of the second tranche of the 2020-2023 Stock Grant Plan, previously approved by the Shareholders' Meeting on June 29, 2020 and subsequently amended by the Shareholders' Meeting on May 2, 2022.

CUSTOMERS, PARTNERSHIPS AND AWARDS

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

On **January 27, 2022**, expert.ai strengthened its business agreement with international insurance company RSA, one of the world's oldest insurance groups and among the leaders in the UK market.

On **February 15, 2022**, expert.ai announced a collaboration to enhance research and support capabilities of the U.S. National Security Research Center at the Los Alamos National Laboratory.

On **March 9, 2022**, expert.ai was included in the list of "100 Companies That Matter in Knowledge Management" by KMWorld, an American magazine specializing in analyzing the top knowledge management technologies and applications.



On **March 21, 2022**, expert.ai won the 6th Annual FinTech Breakthrough Awards for "Best Use of AI in Fintech," dedicated to the best artificial intelligence solutions for the fintech sector.

On **April 26, 2022**, expert.ai launched the new release of "expert.ai Platform," which combines symbolic understanding and machine learning to turn language into immediately usable data and knowledge.

On **May 4, 2022**, expert.ai announced that its platform won a Silver Stevie® in the New Artificial Intelligence & Machine Learning Product of the Year category at the 20th American Business Awards®, the leading US business awards program.

On **May 24, 2022**, expert.ai became a senior member of the Italian Insurtech Association (IIA).

On **June 7, 2022**, expert.ai signed a partnership with Qlik®, a leading multinational data analytics company. As a technology partner (Qlik Technology Partner Program), expert.ai will enhance Qlik's data analytics and discovery offerings by enhancing its artificial intelligence and natural language processing (NLP) capabilities to help companies make sense of unstructured data and extract value from all types of documents.

On **June 14, 2022**, expert.ai announced that Marco Varone, co-founder and CTO of expert.ai, was named gold winner at the Information Technology World Awards 2022 - Globee® Awards, a leading global business award and ranking program.

On **June 23, 2022**, expert.ai reported that it was included by Forrester, a leading independent technology research and analysis firm, in two reports dedicated to



text analytics platforms, The Forrester Wave™: Text Analytics for both People-Oriented and Document-Oriented Platforms Q2 2022.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

CUSTOMERS, PARTNERSHIPS AND AWARDS

On **July 15, 2022**, expert.ai was included by U.S. magazine KMWorld in the "KMWorld AI 50," a list of the 50 most relevant companies in artificial intelligence for improving enterprise knowledge management.

On **August 18, 2022** expert.ai, was included by Gartner in the report "Hype Cycle for Natural Language Technologies 2022," devoted to "technologies and methods that enable human-language-based communication between humans and systems, as well as the analysis of those communications."

On **September 9, 2022**, the expert.ai Platform was included in the list of "Trend-Setting Products of 2022" by KMWorld. This is the ninth consecutive year that expert.ai has been included in the list that recognizes products that bring both innovation to the market as well as more enterprise-oriented efficiencies.

On **September 22, 2022** expert.ai and the leading defendant insurance law Firm Plexus Law announce that Plexus Law will deploy expert.ai's AI-based natural language capabilities to intelligently automate document processing of medical reports, which will improve response times for a better client experience.

On **September 26, 2022**, the company announced a new strategic partnership with AppTek, a global leader in artificial intelligence and machine learning technologies for automatic speech recognition and neural machine translation. By combining their respective strengths, expert.ai and AppTek will optimize



natural language technology offerings in the corporate and government fields, both in Europe and the United States.

On **September 28**, expert.ai announced that its app for the Guidewire (NYSE: GWRE) ClaimCenter is now available on the Guidewire Marketplace. The app applies human-like language understanding to analyze claims data, forms and related documents, transforming language into actionable data that insurers can use to reduce document review times and expedite decision making.

BUSINESS OUTLOOK

In a complex and constantly changing macroeconomic scenario, the Company is continuing on its path of business growth and expansion in parallel with the adoption of measures to increase productivity and optimize operations. The economic complexities, which became apparent in the current fiscal year, have made the 2024 targets announced on October 15, 2021 no longer relevant and have affected the project to translist on the Euronext Milan regulated market, which the Company intends to reevaluate during 2023. However, investments already made over the past few months have enabled the expansion of the sales team, the strengthening of resources in the marketing and R&D area, and the optimization of the Go-to-Market strategy with the enhancement of the offering and the new proprietary platform. As evidenced by the results achieved in the first half of the year, the focus on the SaaS sales component continues and will be maintained along with significant efforts on the marketing front to consolidate the world leadership position in artificial intelligence platforms for natural language understanding and processing.

DOCUMENTATION

The Consolidated Half-Year Financial Report as of June 30, 2022 will be made available to the public in the terms and manner prescribed by the EGM Rules for



Companies as well as on the Company's website, www.expert.ai, in the "Investor Relations/Financial Report" section.

Expert.ai's consolidated results as of June 30, 2022 will be presented to the financial community on September 30, 2022 during a webinar at 3:00 p.m. (CEST), 9:00 a.m. (EDT).

This press release is available on the Company's website www.expert.ai and at www.emarketstorage.com.

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.

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

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Attached:

- Consolidated Profit & Loss as of 30/06/2022
- Consolidated Balance Sheet as of 30/06/2022
- Consolidated Net Financial Position as of 30/06/2022

Consolidated Profit & Loss	30/06/2022	30/06/2021	Change
Revenues from sales	12,681,887	10,783,594	1,898,293
Other income	1,170,242	1,029,956	140,286
Inventory change	-	(10,700)	10,700
Total revenue	13,852,129	11,802,850	2,049,279
Own work capitalized	4,607,827	4,347,743	260,084
Production value	18,459,956	16,150,593	2,309,363
External operating costs	(10,124,737)	(7,141,331)	(2,983,406)
Economic value added (EVA)	8,335,219	9,009,262	(674,043)
Cost of labor	(19,397,343)	(17,110,034)	(2,287,309)
EBITDA	(11,062,124)	(8,100,772)	(2,961,352)
Amortization, depreciation and other provisions	(3,848,567)	(3,442,886)	(405,681)
EBIT	(14,910,691)	(11,543,658)	(3,367,033)
Result of the financial area	(169,986)	308,015	(478,001)
Pre-tax results	(15,080,677)	(11,235,643)	(3,845,034)
Income taxes	342,598	241,320	101,278
Net result	(14,738,079)	(10,994,323)	(3,743,756)



Consolidated Balance Sheet	30/06/2022	31/12/2021	Change
Net intangible assets	19,780,729	18,341,591	1,439,138
Rights of use	2,249,962	2,453,906	(203,944)
Net tangible assets	868,552	893,036	(24,485)
Equity investments and other financial assets	11,927,537	7,943,233	3,984,304
Fixed capital	36,826,780	29,631,767	5,195,013
Inventories	26	-	26
Receivables from customers	15,666,444	20,866,081	(5,199,637)
Other receivables	5,763,714	5,739,988	23,726
Accrued income and prepaid expenses	1,002,411	319,903	682,508
Short-term assets	22,432,595	26,925,972	(4,493,377)
Trade payables	(5,137,992)	(3,299,892)	(1,838,100)
Advance payments	(803,324)	(722,607)	(80,717)
Tax and social security payables	(1,929,420)	(2,148,411)	218,991
Other payables	(5,010,512)	(4,890,569)	(119,943)
Accrued expenses and deferred income	(5,064,425)	(4,389,549)	(674,876)
Short-term liabilities	(17,945,673)	(15,451,028)	(2,494,645)
Net working capital	4,486,922	11,474,944	(6,988,022)
Employee severance indemnity	(3,849,771)	(4,168,802)	319,031
Accrued expenses and deferred income after 12 months	(3,715,208)	(4,088,251)	373,043
Other medium and long - term liabilities	(1,536,417)	(1,551,470)	15,053
Medium-term liabilities	(9,101,396)	(9,808,523)	707,127
INVESTED CAPITAL	30,212,306	31,298,188	(1,085,882)
Shareholders' equity	(19,251,358)	(31,966,280)	12,714,922
Net medium/long - term financial position	(22,649,432)	(21,342,458)	(1,306,973)
Net short - term financial position	11,688,483	22,010,550	(10,322,067)
OWN EQUITY AND NET FINANCIAL DEBT	(30,212,307)	(31,298,189)	1,085,882



Consolidated Net Financial Position	30/06/2022	31/12/2021	Change
A - Cash in hand	19,623,816	30,533,999	(10,910,183)
B – Cash equivalents	-	-	-
C- Other current financial assets	16,507	16,472	35
D- Liquidity (A + B + C)	19,640,323	30,550,471	(10,910,148)
E - Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	3,107,719	3,036,847	70,872
F - Current portion of non-current financial debt	4,844,121	5,503,074	(658,953)
G - Current financial debt (E + F)	7,951,840	8,539,921	(588,081)
H - Net current financial debt (D-G)	11,688,483	22,010,550	(10,322,067)
I - Non-current financial debt (excluding current portion and debt instruments)	17,581,232	15,319,758	2,261,474
J - Debt instruments	5,068,200	6,022,700	(954,500)
K - Trade payables and other non-current payables	-	1	(1)
L - Non-current financial debt (I+J+K)	22,649,432	21,342,458	1,306,973
M - Net financial debt (H-L)	(10,960,949)	668,091	(11,629,040)

Fine Comunicato n.20040-30

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