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Utenza - Referente : EXPERTSYSTN02 - Francesca Spaggiari

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Oggetto : Approval and Publication of the Prospectus
Related to the Offer in Option of New Shares
Arising from the Capital Increase

Testo del comunicato

Vedi allegato



PRESS RELEASE

APPROVAL AND PUBLICATION OF THE PROSPECTUS RELATED TO THE OFFER IN OPTION OF NEW SHARES ARISING FROM THE CAPITAL INCREASE

4th July 2024

Expert.ai S.p.A. (the "**Company**" or "**Expert.ai**" or the "**Issuer**") announces that on July 3, 2024, has received the authorization from CONSOB (with note prot. no. 0065961/24) to publish the prospectus (the "**Prospectus**") related to the offer in option of the new ordinary Expert.ai shares, without nominal value, having the same characteristics as the outstanding shares and with regular dividend rights (the "**New Shares**"), which will be automatically admitted to trading on Euronext Growth Milan, arising from the capital increase resolved by the Extraordinary Shareholders' Meeting on May 22, 2024, to be fully paid in cash and whose terms and conditions were established by the Board of Directors on June 28, 2024 (the "**Capital Increase**").

The Prospectus has been filed with CONSOB with the modalities and terms provided by the law and it is available to the public in accordance with applicable legislative and regulatory provisions at the registered office of Expert.ai in Rovereto (TN), Via Fortunato Zeni nr. 8, as well as on the Company's website <https://www.expert.ai/investor-relations/disclaimer-capital-increase-2024/>.

As already communicated through press release issued on June 28, 2024 (to which reference is made for any other information not mentioned herein), the Capital Increase will be executed through the issuance of a maximum of 26,970,471 New Shares, to be offered in option to all shareholders, pursuant to Article 2441, paragraph 1, of the Italian Civil Code, in the ratio of no. 9 new ordinary shares for every no. 23 shares Expert.ai held (subject to waiver by the shareholder Stefano Spaggiari of the number of option rights necessary to balance the transaction), at the subscription price of EUR 1.10 for each New Share, of which EUR 0.01 to be allocated to share capital and EUR 1.09 to share premium, for a total amount of the Capital Increase up to EUR 29,667,518.10.

The offering calendar provides that the option rights for the subscription of New Shares (the "**Option Rights**") shall be exercisable, under penalty of forfeiture, from July 8, 2024, to July 25, 2024, both included (the "**Offering Period**"), and shall be negotiable on Euronext Growth Milan, multilateral trading facility organized and managed by Borsa Italiana S.p.A., from July 8, 2024, to July 19, 2024, both included.

It should be noted that no. 68,924,537 Option Rights, marked by coupon no. 5, will be made available to those entitled through Monte Titoli S.p.A. and will be traded on Euronext Growth Milan under ISIN code IT0005599391. The cutoff date of the related option rights is 8 July 2024.

Any Option Rights not exercised by the end of the Offering Period will be offered for subscription by the Company on Euronext Growth Milan, pursuant to Article 2441, paragraph 3, of the Italian Civil Code, for at least two open market days in the sessions that will be communicated to the market in accordance with the applicable laws and regulations (the "**Stock Exchange Offer**").



As part of the subsequent Stock Exchange Offer, the Option Rights not exercised at the end of the Offering Period will be offered on Euronext Growth Milan under ISIN code IT0005599409.

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Upon request by CONSOB, pursuant to Articles 97 and 114, paragraphs 5 and 12 of Legislative Decree 58/1998, the Company discloses the following information (the terms indicated below with a capital letter and not otherwise defined have the meaning attributed in the Prospectus – provided that the Prospectus is drafted only in Italian language and the following is a courtesy translation of its contents):

- the Prospectus was approved on July 3, 2024, and outlines the risk factors related to Expert.ai and the ordinary shares of Expert.ai resulting from the Capital Increase.
- In previous financial years, Expert.ai incurred in significant losses at both individual and consolidated level. Based on the assumptions related to growth throughout the Plan, it should be noted that 2024 will also record a significant loss due to significant amortizations and financial expenses.
- At the Date of the Prospectus, the Group is characterized by financial stress. Regarding the Group's net financial position as of April 30, 2024, it was negative for approximately EUR 18.9 million. As of December 31, 2023, the Issuer did not comply with the financial covenants under one of the financing agreements and the Bonds; this situation, as of the Date of the Prospectus, entitles the respective lenders to declare all loan amounts immediately due and payable (along with accrued and unpaid interests) and to revoke any commitments to provide further financing, with substantial negative effects on the Group's business, financial condition, and operating results or prospects. The outstanding amount of the financing subject to mandatory early repayment due to non-compliance with covenants is, as of December 31, 2023, equal to EUR 9.3 million. In this regard, as of the Date of the Prospectus, the Issuer has already requested the relevant lenders to agree to the Debt Rescheduling Plan and, despite receiving positive feedbacks, such feedbacks as of the Date of the Prospectus are still informal or conditional upon the execution of the Capital Increase for at least EUR 15 million by December 31, 2024; therefore, as of the Date of the Prospectus, the Debt Rescheduling Plan has not been finalized yet, and there is no certainty of its finalization after the Date of the Prospectus.
- The estimated total Net Financial Requirement of the Group for the twelve months following the Date of the Prospectus, determined without considering the net proceeds from the Capital Increase and the completion of the Debt Rescheduling Plan but including certain operating costs and investments to be incurred after the outcome of the Capital Increase, is approximately EUR 20 million. In this regard, it has to be underlined that as of the Date of the Prospectus, the Issuer does not have sufficient working capital to meet its current needs, defined as those for the 12 months following the Date of the Prospectus. The Group's financial resources are expected to be depleted within the quarter following the Date of the Prospectus. In this regard, the Issuer plans to cover these current financial needs by using at least EUR 16 million from the net proceeds of the Capital Increase (also considering the Subscription Commitments indicated in the Prospectus) or, alternatively, the Delegated Capital Increase (i.e., the mandate granted by the Extraordinary Shareholders' Meeting on May 22, 2024, to the



Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital up to maximum EUR 20 million) and considering the effects of the Debt Rescheduling Plan. Should the Capital Increase not be subscribed for a total amount of at least EUR 16 million, and should the Debt Rescheduling Plan and other remedial measures (cost and investment cuts, further cost savings, potential new debt lines with collateral guarantees, and the use of unused credit lines) and/or additional capital increases not be finalized, it will be necessary to resort to other forms of financing not yet identified, failing which the Issuer will have to resort to the instruments and procedures provided by bankruptcy and insolvency legislation (Legislative Decree 14/2019, known as the Crisis and Insolvency Code). **In this regard, attention is drawn to the fact that, should going concern of the Issuer and the Group cease after an investment in the Issuer's shares, the value of the shares could be reduced to zero, resulting in the shareholder's total loss of the invested capital.**

- The Issuer intends to allocate the proceeds from the Capital Increase (i) to rebalancing the ratio between own funds and third-party resources within the Group's financial structure and, therefore, to reducing financial expenses and (ii) to collecting the financial resources necessary for achieving the strategic objectives of the Industrial Plan. The Company has received three Subscription Commitments in relation to the Capital Increase (for a total amount of EUR 7.1 million), which are still subject to the risk of non-final execution, with respect to which it has received a single and limited payment in account for future capital increase equal to EUR 2.2 million.
- The Company has approved the 2024-2026 Industrial Plan which, with respect to the expected growth, provides at the consolidated level:
 - 2024 revenues from the sale of goods and services of EUR 33.5 million (EUR 40.1 million estimated as of December 31, 2025, and EUR 50.3 million estimated as of December 31, 2026); in particular, the Plan assumes a compound annual growth rate (CAGR) of 23% for 2024-2026 (compared to a 2.3% CAGR for 2021-2023);
 - Positive EBITDA of EUR 9.5 million for 2024 (estimated positive for EUR 11.6 million as of December 31, 2025, and estimated positive for EUR 16.8 million as of December 31, 2026); in particular, the Plan assumes a CAGR of 33% for 2024-2026 (compared to a non-significant CAGR for 2021-2023 as EBITDA was negative);
 - A net financial position of EUR 15.3 million negative for 2024 (estimated negative for EUR 15.2 million as of December 31, 2025, and estimated negative for EUR 11.4 million as of December 31, 2026); in particular, the Plan assumes a CAGR for 2024-2026 in line with the 2021-2023 CAGR.
- It should be noted that the Plan assumes the subscription of the Capital Increase for an amount of EUR 16 million as well as the Debt Rescheduling Plan's completion by the end of the second half of 2024, also to reduce the amount of the proceeds of the Capital Increase to be allocated to loan and/or bond repayments as well as to increase the amount of these proceeds to be allocated to supporting the implementation of the Industrial Plan; furthermore, the Plan includes, to support the investments envisaged therein, other exogenous assumptions not dependent on the Company or the Group, including a 24% growth in the reference market expected to support demand for the Issuer's software throughout the Plan period. The occurrence of such assumptions, which the Issuer cannot control or influence, is subject to a high level of uncertainty and, should they not occur, Expert may not be able to achieve the growth



objectives envisaged by the Plan, with consequent negative effects on the economic, patrimonial, and financial situation of the Issuer and the Group.

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

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

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