

Mid Small Cap Forum

Madrid Nov 3rd

Investor Presentation



Company Overview

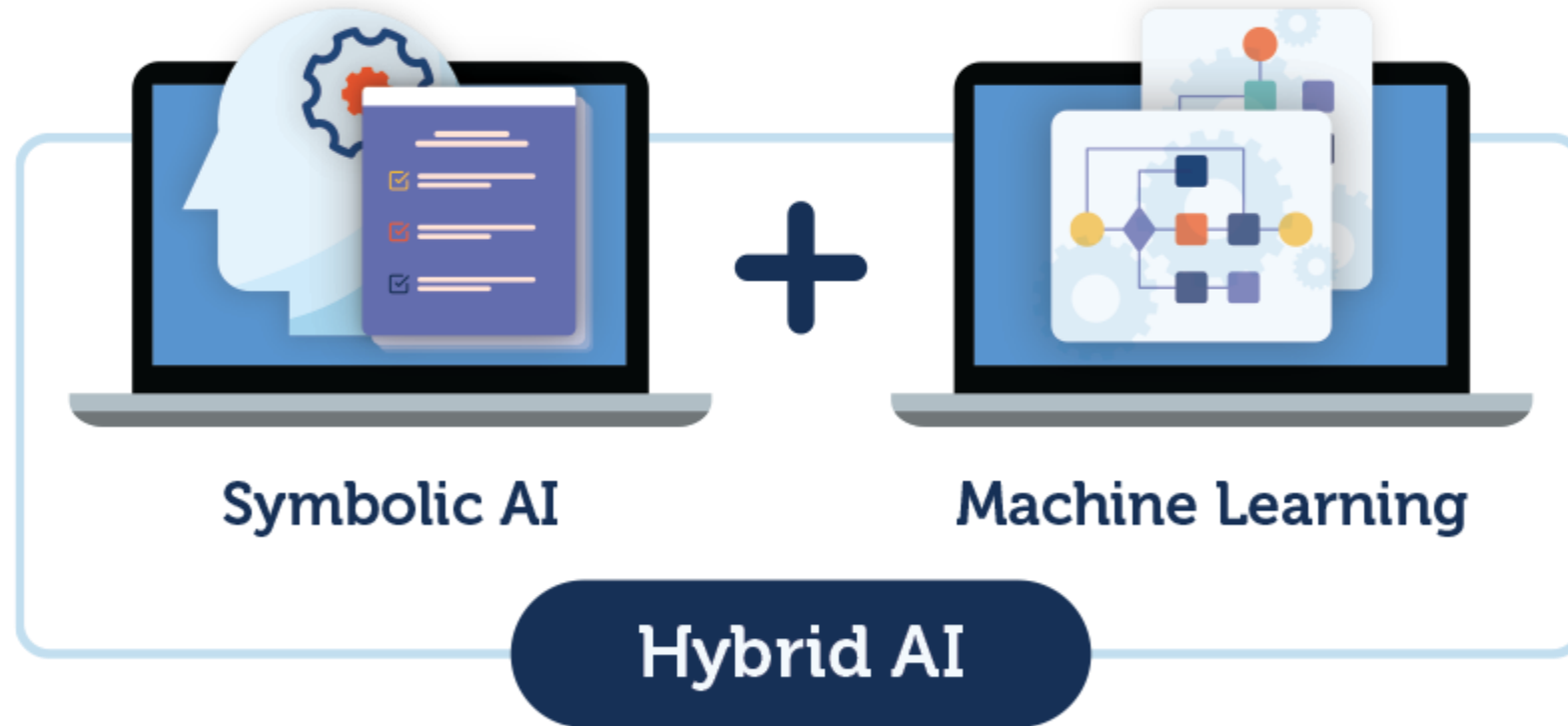
Company Overview

- Expert.ai (Milan: EXAI.MI) was founded during 1989 in Modena, Italy
- Listed on the Euronext Growth Milan, with the IPO occurring on 18th February 2014
- Headquartered in Boston, MA, Expert.ai has c.350 employees globally
- Expert.ai offers subscription-based AI natural language processing/understanding (NLP/NLU) software that reads and understands language with human-like accuracy at massive speed and scale
- Through its integrated platform it can ingest language in almost any format (documents, e-mail, conversational transcripts), transform it into structured data, classify it based on relevant categories (intent, subject, category) and extract meaning from context
- Its software enables enterprises to **analyze** complex documents for key information, **understand** meaning to find the signal through the noise, and **accelerate** language-based processes for faster, better, and more efficient decisions
- Clients include major corporations, governments and agencies

International Footprint



Our Secret



"Expert.ai is a great choice for customers looking to build customized text analytics applications using hybrid AI, or customers looking to leverage knowledge-based AI for OOTB accuracy, model explainability..."

The Forrester Wave: Document Oriented Text Analytics Platforms, Q2 2022

INTERNAL

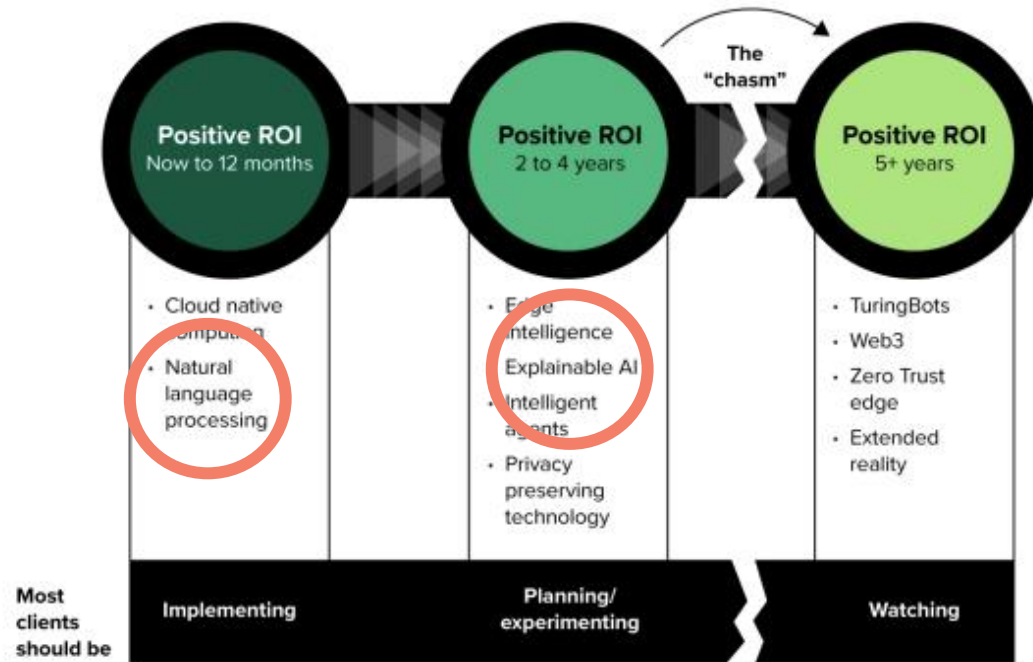
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Compelling Opportunity

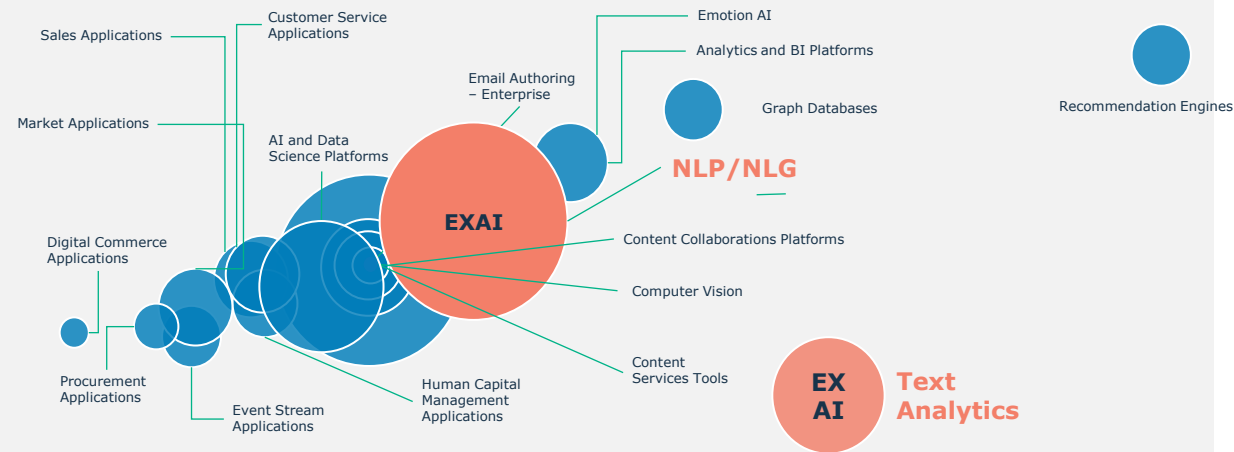
"As economic turbulence looms, Forrester recommends companies rein in tech spending. But not on A.I." Fortune 9/14/2022

Figure 1
Forrester's Top 10 Emerging Technologies Will Go Mainstream In Three Phases



Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

The NLP Market (1)



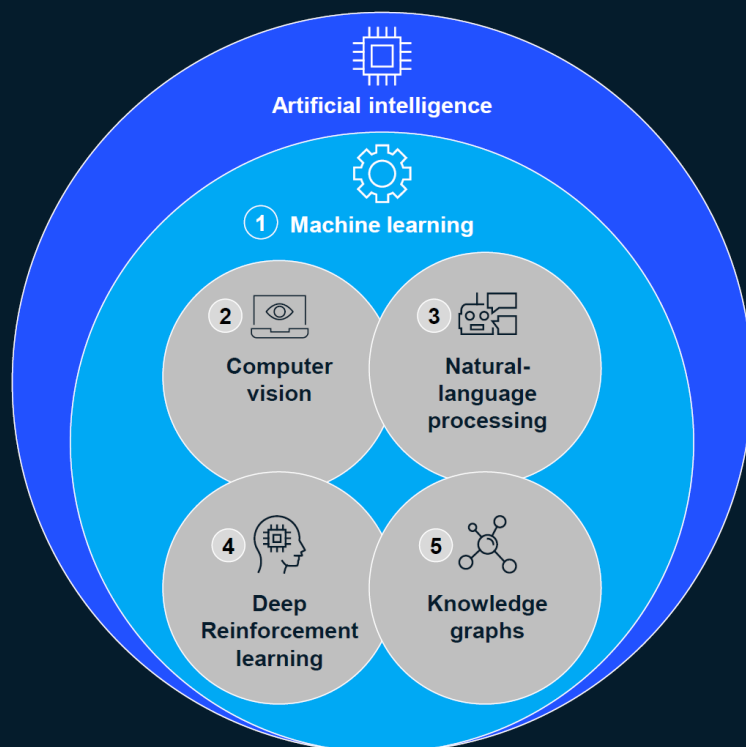
The NLP Market is the largest market within the AI software market, with a market size of \$11.7B in 2021 and a CAGR of 24.9% from 2020 to 2025

Source: Gartner Forecast Analysis on Artificial Intelligence Software, Worldwide - 20th Oct., 2021






Analyst Validation of expert.ai Approach

What are the most noteworthy technologies?

AI involves machines exhibiting intelligence,¹ encompassing various interconnected fields of technology²



Description

-  **1 ML:** Subfield of AI that uses statistical methods to learn from data
-  **2 Computer vision:** Subfield of ML using visual data, such as images, videos, and 3-D signals, extracting complex information and gaining rich interpretations
-  **3 NLP:** Subfield of ML that involves processing, generating, and understanding language-based data, such as written text and spoken word
-  **4 Deep reinforcement learning:** Combination of deep learning and reinforcement learning, in which an agent makes decisions within an uncertain environment using complex algorithms inspired by brain neural networks
-  **5 Knowledge graphs:** Collection of data points structured into a network to show complex relationships among themselves





¹AI is nonprogrammatic intelligence exhibited by machines, in which they perform cognitive functions often associated with human minds. Cognitive functions include all aspects of perceiving, reasoning, learning, and problem solving.

²Technologies are not exhaustive and are examples that are at the frontiers of innovation and cut across industries.

Source: Expert input; McKinsey analysis






Competitive Advantage

"Our research confirms that the best results are achieved by a combination of AI that is both knowledge-based and ML-based — hybrid AI." Forrester September 22, 2022

Coverage	Expert.ai Platform	Legacy Platforms	NLP Libraries/ NL API/Open-Source Models	ML/DS Platforms	Point Solutions
Purpose-built for NLP	●	●	●	○	◐
Complete Workflow	●	●	○	●	○
Type of NL Use Cases	●	◐	●	◐	◐
Business Use Cases	●	Selected (Knowledge Discovery)	◐	○	Single
Type of Business Use Case	Complex/Custom	Selected	Simple/Custom	Simple/Custom	Simple/Standard
HybridNL	●	○	○	○	○
Representative Vendors					Numerous

Strong Performer and Growing Ecosystem

"We recommend that tech leaders increase or defend investments in...intelligent document extraction serving critical business processes" Forrester 8/14/2022

Insurance	Information Services	Solutions	Partnership Ecosystem
<ul style="list-style-type: none">• Policy Review• Cyber Policy Review• Risk Engineering• Claims Automation	<ul style="list-style-type: none">• Content Enrichment• Info Services<ul style="list-style-type: none">• Financial Services• Life Sciences• Taxonomy Management	<ul style="list-style-type: none">• Content Analytics• Email Management• Intelligent Process Automation• Insight Search• Sentiment	     1H New Partners

"Robotic Process Automation has been proven to increase efficiency. Adding A.I. to that equation, can push the time-and-labor savings further." Fortune 9/14/2022

"We welcome expert.ai as our latest Guidewire PartnerConnect Solution partner and congratulate the company on the release of its AI-based accelerator," said Zachary Gustafson, GM, Guidewire 9/28/2022

H1 2022 - SaaS and North American Growth

Focus Going Forward on Growth-Cost Balance

Total Revenue

13.8MM

+17% YoY

NA Revenue

3.9MM

+339% YoY

SaaS
Revenue

6.8MM

+50% YoY

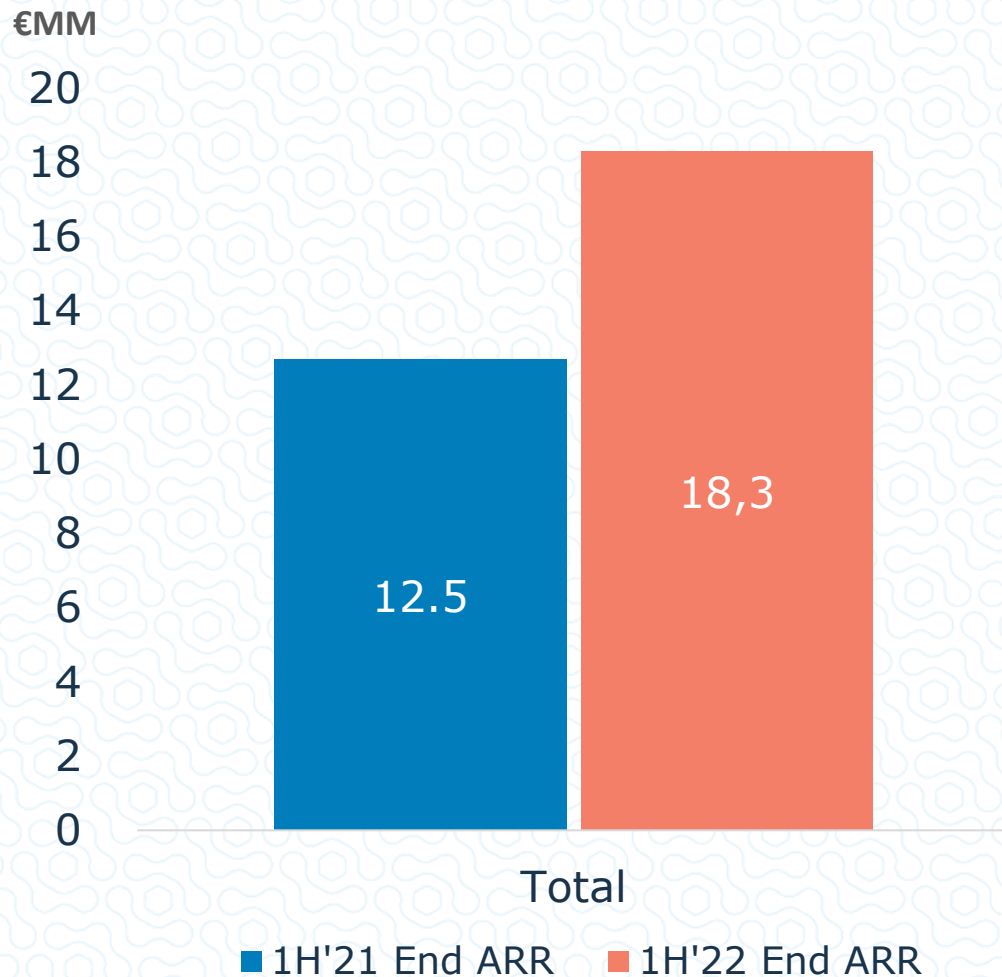
Annual Recurring
Revenue*

18.3MM

+46% YoY

*Non-IFRS: trailing 12 months annual contract value period ending 1H2022 over period ending 1H 2021

ARR +46% YoY



COMMENTARY

- Annual Recurring Revenue
 - SW subscription & maintenance
 - Net growth – sum of...
 - New
 - Expansion/renewal
 - Less decline/churn
 - Trailing twelve months (TTM)
- Net retention 100%...key focus
- 21 new/expansion 1H clients
- Focus on multi-year contracts (committed ARR – CARR)
 - Default 3-year contract
 - 36% ARR € value multi-year
 - 9 new multi-year contracts 1H

Recurring revenue business

Revenue stream	HY 2021	% Rev.	HY 2022	% Rev.	Var %
Recurring revenues	6.3	53%	8.5	61%	35%
SaaS	4.5	39%	6.8	49%	50%
Maintenance	1.7	15%	1.7	12%	-4%
Perpetual license	0.7	6%	0.1	1%	-87%
Services	3.5	30%	3.6	26%	4%
*Other	1.3	11%	1.6	12%	19%
TOTAL REVENUES	11.8		13.8		17%

* Includes hosting and grant revenues

COMMENTARY

- SW license subscription (SaaS)
 - **49%** of total
 - **50%** YoY growth
- Recurring revenue
 - **61%** of total revenue
 - **35%** YoY growth
- Services <30% revenue
- New/expansion growth driver
 - 4.1MM SaaS revenue
 - 15 new/6 expansion
 - Balanced deal size
 - Strong multi-year in NA
- Growth in US and core verticals
- Europe challenged -11%

Cost optimization after a peak

Move from investment to optimization

	ACT	ACT	
June - €/m	H1 2021	H1 2022	Δ
Total revenues	11,8	13,8	17%
Total costs	(20,0)	(24,8)	24%
COGS	(6,9)	(8,1)	17%
S&M	(8,6)	(11,2)	30%
G&A	(4,5)	(5,5)	22%
EBITDA	(8,2)	(11,1)	-35%
EBIT	(11,6)	(14,9)	-29%
Net Result	(11,0)	(14,7)	-34%
Net Financial Position	(11,3)	11,0	22,3
Shareholder's Equity	37,1	19,3	(17,9)

COMMENTARY

- Actions underway to address cost scaling
 - Exchange rate impact
 - COGS/margin improvement
 - Cloud hosting optimization
 - Platform deployment consulting
 - Internal cloud costs
 - One-time platform/SaaS dev costs
 - Sales productivity alignment
 - Low return GTM initiatives
 - Full impact of actions in 2023
 - Relentless focus to drive profitability
- Cash equal to €19.6M


2H Focus

- **Growth-cost alignment and focus on core markets/solutions**
- **ARR growth**
 - New business in core verticals and emerging functional use cases
 - Key renewals
 - Customer success/expansion
- **Accelerate sales cycle with repeatable solutions/enhanced targeting**
- **Build through eco-systems/partnerships - insurance platforms, process automation, search and knowledge management**
- **Continue pipeline build/progression for 2023**

Keys to SaaS Profitability

- **Customer acquisition cost – sales and marketing cost for new business**
 - One time infrastructure investment complete – technology and GTM
 - Focus and scale GTM
 - High impact/low complexity segments
 - Scale/marketing productivity
 - Grow partners/eco-systems
- **Payback period ~2 years – time for margin to cover acquisition cost**
 - Drive down/scale deployment costs – internally and externally
 - Optimize gross margin ~85-90%
- **>100% net revenue retention**
 - Keep your customers
 - Expand the value
 - Amortize the acquisition cost
- **Manage total costs to new and total revenue growth**

Thank You

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