

Expert.ai

1H 2024 Investor Presentation

1st October 2024



Agenda



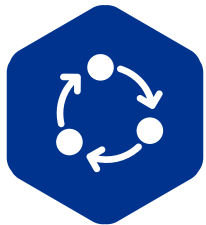
Transformation and Evolution strategy in 2024



Work in progress – Update 1H 2024



1H 2024 Key Financials

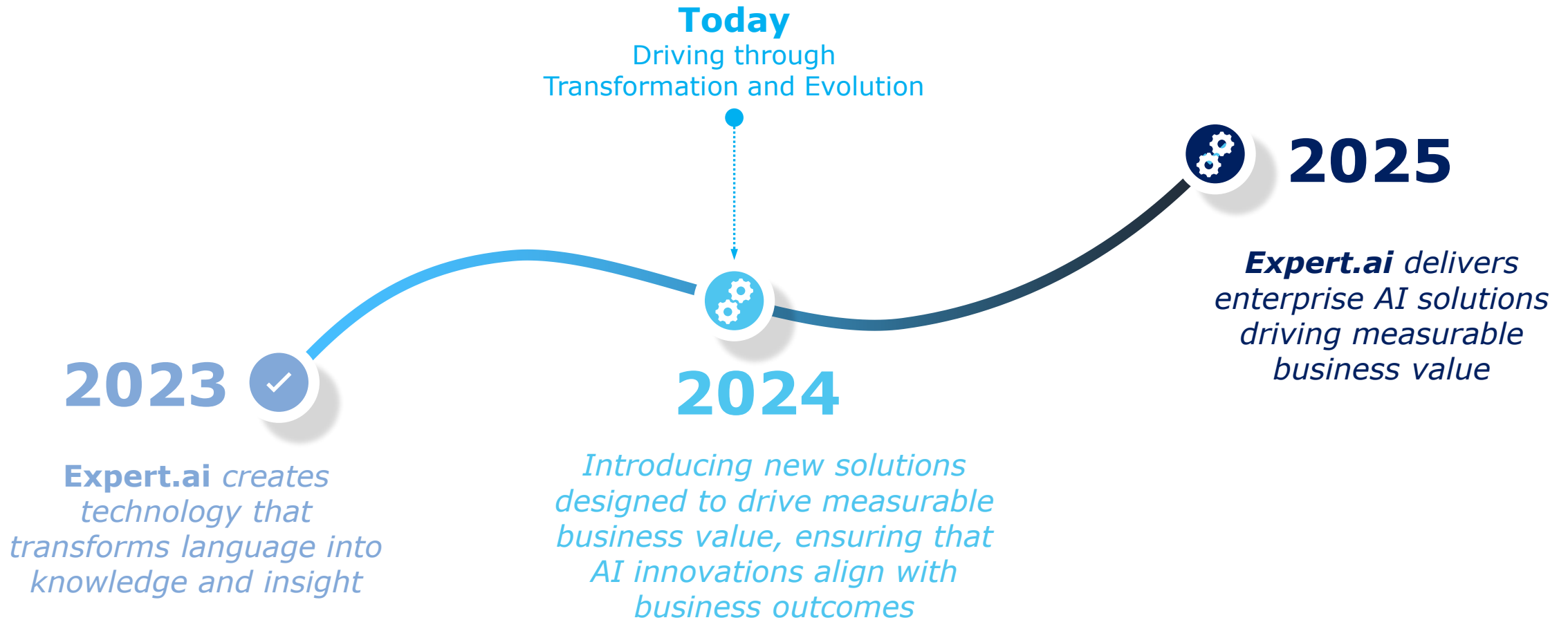


Outlook

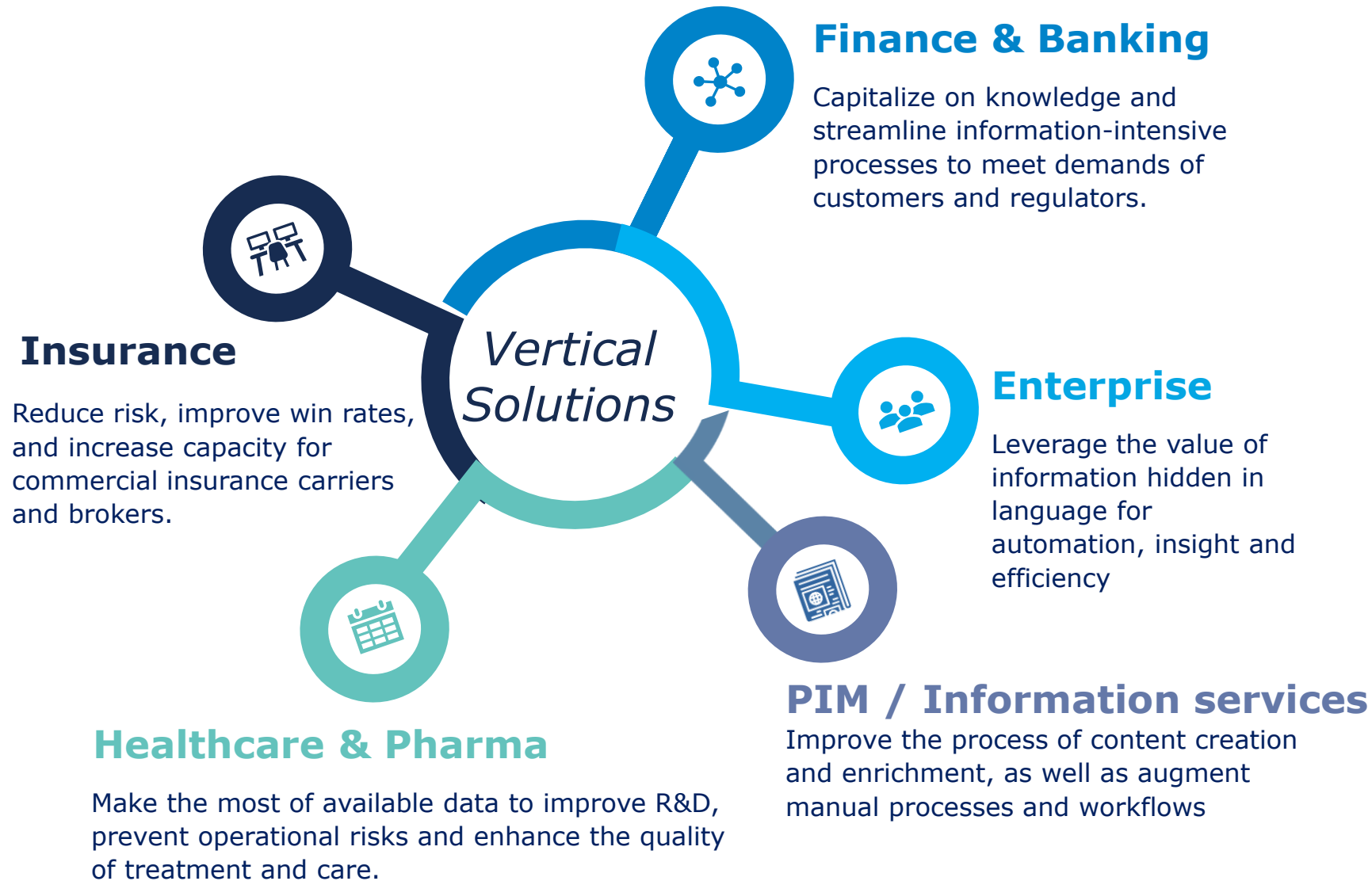


TRANSFORMATION AND EVOLUTION STRATEGY IN 2024

Repositioning Strategy in 2024



Focus on Vertical Solution based on horizontal framework





WORK IN PROGRESS – UPDATE 1H 2024

Work in progress – profitability and financial sustainability



Cost restructuring



- Annualized savings achieved of approx. € 4M
- Confirmed target of positive EBITDA cash for the year



Debt renegotiation



- Successful renegotiation of debt terms with majors financing banks. These measures will free up over € 3.5M in 2024 and over € 3M in 2025.



Capital increase



- Successful capital increase of ca. € 30 M in July 2024



Professional services "carve out"



- Work in progress about new management approaches, new organization and new incentives on profitability



New company infrastructure



- Work in progress about processes analysis and optimization, new operative tools, new policies.



Work in progress – preparing the ground for the growth



New solutions roadmap



- Implementation of new projects that involve GenAI integration
- Selection of verticals and use cases in progress



New business model & strategy



- Preliminary growth strategy defined
- Customer success program started



Partnerships



- First selection of partners
- Differentiated approach defined by type of partners
- Preliminary definition of combined offering



M&A



- M&A strategy and plan defined
- First screening of possible targets in the Italian market



New Foundation



- First joint venture in evaluation about offering strategic AI consulting





1H 2024 KEY FINANCIALS

Consolidated Income Statement 1H 2024

€M	1H 2024	1H 2023	Var.	Var. %
Total revenues	12.0	13.1	(1.2)	(9%)
COGS	(4.1)	(5.9)	1.7	(30%)
Gross Margin	7.8	7.3	0.6	8%
% Revenue	66%	55%		
Sales & Marketing	(4.6)	(5.4)	0.8	(14%)
Product & R&D	(2.7)	(4.9)	2.2	(44%)
G&A and management	(3.3)	(3.9)	0.7	(17%)
EBITDA Cash	(2.8)	(7.0)	4.2	(60%)
% Revenue	(23%)	(53%)		
Capitalized R&D expenses	2.0	3.8	(1.9)	(49%)
EBITDA	(0.8)	(3.2)	2.3	(74%)
% Revenue	(7%)	(24%)		
Amortization & Depreciation	(3.7)	(4.1)	0.4	(9%)
EBIT	(4.5)	(7.2)	2.7	(38%)
% Revenue	(38%)	(55%)		
Financial income/expenses	(0.2)	(0.5)	0.3	(58%)
Restructuring expenses	(1.9)	0.0	(1.9)	
Result before Taxes	(6.6)	(7.7)	1.1	(14%)
Taxes	0.1	0.0	0.0	9%
Net Result	(6.6)	(7.7)	1.1	(14%)
% Revenue	(55%)	(59%)		

Comparison 1H 2024 vs 1H 2023

- **Revenues** decrease referred mainly to professional services revenue;
- **Gross Margin improvement** thanks to higher focus on projects profitability;
- **Cost reduction** in every department with consequent **positive impact (+€4.2M) on cash EBITDA**;
- **Lower capitalization** of R&D expenses for selected investments;
- Restructuring expenses due to reorganization, savings in the **Personnel costs** and **extraordinary expenses** for capital increase and debt renegotiation.

Restructuring Expenses details 1H 2024

€M	1H 2024
Capital increase	0.2
Debt renegotiation	0.3
Reorganization and legal support	0.3
Total external advisors	0.7
Severances	0.3
Overrun payroll	0.9
Total personnel savings	1.2
Total restructuring expenses	1.9

- Extraordinary expenses for external advisors supporting the capital increase, debt renegotiation and the company reorganization;
- The reduction in staff, from dismissals and resignations not replaced, will result in an annualized **savings in Personnel costs of approximately € 3.8 - 4 million**;
- The current forecast of restructuring expenses for the full year is around € 4M, as by the capital increase Prospectus.

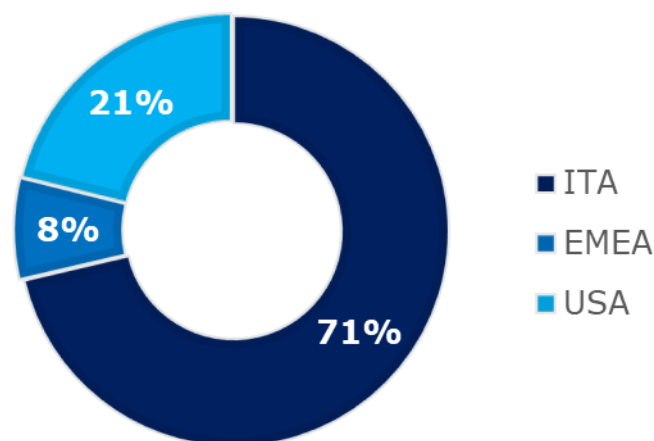
Revenues Breakdown by Segment & Geography – 1H 2024

€M	1H 2024	1H 2023	Var.	Var. %
Licenses	6.1	6.1	(0.1)	(1%)
Professional Services	2.8	3.7	(0.9)	(24%)
Maintenance	1.2	1.5	(0.2)	(16%)
Hosting	0.5	0.6	(0.1)	(12%)
Total Net Revenues	10.6	11.9	(1.3)	(11%)
Grants & other	1.3	1.2	0.1	9%
Total revenues	12.0	13.1	(1.2)	(9%)

Revenues breakdown by Segment

- **License** almost stable;
- **Professional Services and Maintenance** decreased in the first half, due to a different timing of revenues recognition;
- **Hosting** growing by 61%.

Revenues breakdown by Geography



- **29%** of revenues in the first half generated **abroad**;
- **Strong** performance in Italy;
- The breakdown by geography will change in the second half due to business seasonality and the impact of new licenses revenue from USA.

Consolidated Balance Sheet 1H 2024

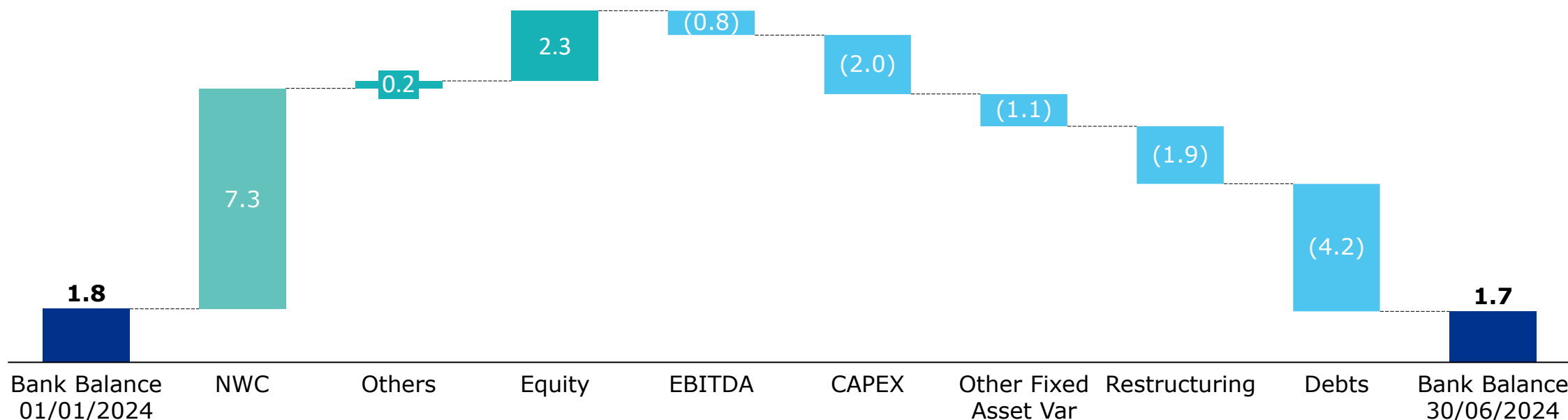
Consolidated Balance Sheet	30/06/2024	31/12/2023	30/06/2023
Trade receivables (long term)	5.0	4.2	4.1
Fixed asset	26.1	27.6	29.5
Fixed asset & Long Term Receivables	31.1	31.8	33.6
Trade receivables	14.0	21.5	14.2
Other receivables	7.0	7.5	8.4
Short-term assets	21.0	29.1	22.7
Short-term liabilities	(17.9)	(17.9)	(17.7)
Net working capital	3.1	11.2	4.9
Medium-long term liabilities	(8.3)	(9.0)	(8.6)
INVESTED CAPITAL	25.9	34.0	29.9
Shareholders' equity	(8.0)	(12.2)	(10.3)
Net financial position	(18.0)	(21.8)	(19.6)
OWN EQUITY AND NET FINANCIAL DEBT	(25.9)	(34.0)	(29.9)

- Trade receivables (long term) include invoices to be issued referred to **multiyear contracts**;
- Significant **trade receivables** decreased due to business seasonality, revenue are concentrated in H2.
- **Capital increase (ca. €30M)** has been finalized in July 2024;
- **NFP** a debt rescheduling with major banks has been achieved with a positive effect on cash burn **for more than €3.5 M in 2024 and € 3M in 2025.**

Cashflow 1H 2024

- **Positive Free Cashflow** +€1.8M in the first half 2024;
- **Receivable and payables mitigation** improved the NWC +€6.3M (vs 1H 2023);
- Equity improved due to **advanced of capital increase** in June for €2.2M.

€M	1H 2024	30/06/2023
Beginning of the period	1.8	12.0
EBITDA	(0.8)	(3.2)
NWC	7.3	1.0
Others Operating	0.2	0.2
Restructuring Cost	(1.9)	0.0
Capex	(2.0)	(4.1)
Other Fixed Asset Var	(1.1)	2.4
Free CashFlow	1.8	(3.6)
Debts	(4.0)	(4.2)
Financial Interests	(0.2)	(0.5)
Equity	2.3	0.5
Net CashFlow	(0.1)	(7.8)
End of the period	1.7	4.2

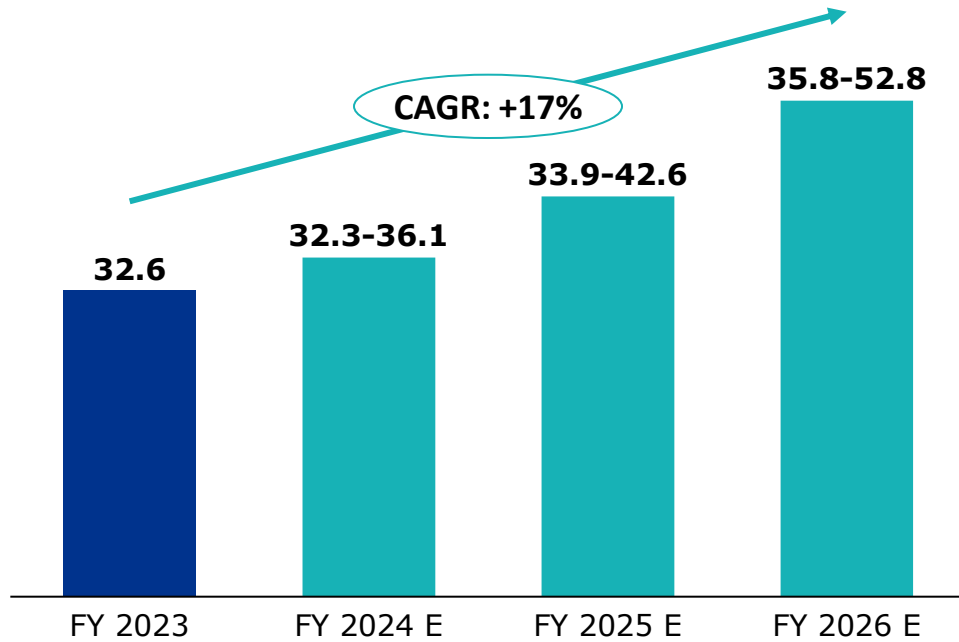




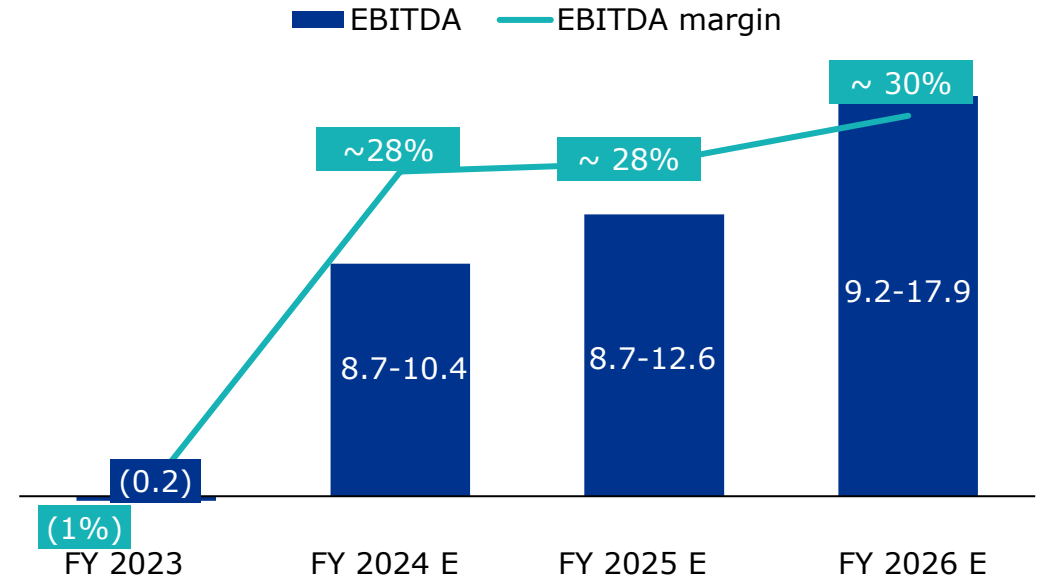
OUTLOOK

Outlook

Total Revenues 2023-2026 (€M)



EBITDA & EBITDA margin 2023-2026 (€M)



EBITDA Cash (€M)*			
FY 2023	FY 2024 E	FY 2025 E	FY 2026 E
(5.9)	4.3-5.8	3.7-7.4	4.1-12.3

Thank You

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