

## Letter to the Shareholders

*Bologna, September 25, 2020.* **Creactives Group S.p.A.** (“**Creactives Group**”) (ISIN IT0005408593 - ticker: **CREG**), an international company that develops **Artificial Intelligence** technologies to address real-life business problems in the Supply Chain, announces the following letter to the shareholders:

Dear Shareholders,

This year has been wonderful and challenging at the same time.

On the one hand, we listed on the Vienna Stock Exchange and became a public company, making a significant step forward. In April 2020 we made the business combination with Balaban Technology, the search company promoted by Giandomenico Sica (tech entrepreneur having done 3 successful IPOs on the Italian Stock Exchange) and Massimo Grosso (strategic advisor of - and investor in - publicly listed tech companies like MailUp, DHH, Piteco, Cyberoo, WIIT). Thanks to this deal, which also marks the start of “Creactives Group” as an initiative, we raised 2,3M EUR from 24 Italian and foreign professional and institutional investors.

We listed at a valuation of 3,11 EUR/share (approx 34 million EUR) and our stock value quickly grew to 3,50 EUR/share (approx 38 million EUR). This investment, the subsequent listing and the valuation have been great signals of validation for our entrepreneurial project, and we are very proud of having achieved these milestones.

On the other hand, last Spring the world began to face the global pandemic related to this new virus called “Covid-19”. Italy first and then - with few exceptions - the other European countries entered in the full lock-down, a unique event in human history since the beginning of industrialization. The full lock-down shocked our societies, impacted our own lives and temporarily “suspended” our economies, causing as a consequence a double-digit decrease of the European GDP, something never seen in recent times and never experienced by the majority of us during the course of our lives.

This tragedy raised the awareness that digital technologies are more important than ever in our contemporary society. The digital transformation - aimed not only at bringing efficiency but also at opening new valuable opportunities - became a necessity. Many companies and institutions started redesigning their organization in a radical way, rethinking their processes and the work of many employees and collaborators.

There is no doubt - as it is evident in the analysts’ expectations - that there is a strong long term expectation of positive impact for all businesses involved in the information and communication technology field, but the short term impact has been negative for many companies active in the enterprise software industry, including our one.

While until the beginning of the pandemic we were growing rapidly year on year, during the pandemic we experienced an unprecedented slow down of our sales activity. Several clients – mostly the ones in the oil and gas and air transportation fields – temporarily froze their technology investments. Furthermore, the industry events - that are the main source of our lead generation - have been cancelled or moved to digital, something that for sure will become more and more relevant in the years to come, but that nowadays is still a test for many. All these factors impacted our business negatively, during the quarter that historically is the most important for us since it is the one where many multinationals decide their technology investments.

During this strange and particular year, despite the negative events, we decided not to stop our investments and to go on with our plans, accelerating even more on the development of innovations and new go-to-market strategies.

We improved our existing products (such as TAM4) so to cover the full Material Master Data Management. As an example, we added functionality for deep governance of item master data guiding the users to fill the right fields and supporting the proper workflows for collaborative enrichment or approval processes on item master data, bulk upload feature that allows user to perform massive uploads of new item master data from files with the automated classification of Material Group and with automated discovery of duplicates and full control of the process.

We also made our integration with the SAP ecosystem stronger, by starting the development of a new APP in the SCP (“SAP Cloud Platform”) that will be inserted in the SAP APP Catalog providing the full AI Multilanguage capability for the Material Master Data to SAP MDG (“Master Data Governance”). We believe that SAP represents a tremendous opportunity for a software company like Creatives, being able to leverage its massive customer base.

In this difficult year, we also started the development of a new - very ambitious - product: the “AI & Semantic Collaborative Platform”. A suite of internal tools for data cleansing and classification will be available in the cloud providing a collaborative environment where third-party partners as well clients could do the set-up even without the support of the Creatives data analysts. The first product delivered is the AI TRIVIAL, an automated classification tool, based on the Creatives AI concept of the “Human in the loop”.

Aside from the strong investments in technology, which build the ground for our future long-term growth, we made our management team stronger by hiring 2 new executives. One, Angelo Vedovi, in charge of our indirect sales channel and the other, Stephan Willigens, in charge of the development of our presence in the DACH markets.

Thanks to all this work done, we are ready to face this new challenging year.

Apparently, the world is coming back to the “old way of doing business”. Multinationals restarted making investments and new customers are coming, under the pressure of the digital transformation process, which imposes a radical acceleration in the adoption of new technologies.

While we are still prudent in analyzing the short term results of this beginning of 2020/2021, we are definitely optimistic about our middle and long term future. Digital transformation is still at the beginning of its journey, and data management represents one of the main areas of investment.



Here at Creactives, thanks to the value of our software, validated by our more than 40 brands all over the world, we believe to be well equipped and in the best possible position to address this challenge.

Sincerely,

Paolo Gamberoni  
Chairman, Creactives Group

### **About Creactives Group**

**Creactives Group S.p.A.** (“**Creactives Group**”) (ISIN IT0005408593 - ticker: **CREG**) is an international company that develops **Artificial Intelligence** technologies to address real-life business problems which are too complex to be solved through conventional approaches.

For more information please visit: [www.creactivesgroup.com](http://www.creactivesgroup.com)

### **Contact**

**Ing. Massimo Grosso, Investor Relator**

**Creactives Group S.p.A.**

Via Calda 10, 40135 Bologna Italy

[investor.relations@creactivesgroup.com](mailto:investor.relations@creactivesgroup.com)