



Corporate presentation



FROM DATA TO KNOWLEDGE



60% of global enterprises are sitting on **100+** terabytes of unstructured data*. Customer and transaction data, product information, market intelligence, email and social media content make up just some of the **2.5** quintillion bytes of data that is being created on a daily basis**.

In other words, **businesses are producing the text equivalent of a new Library of Congress every day.**

Today's challenges are no longer simply a question of computing speed and power: foremost technologies must be *intelligent*.

How you can turn this into insight?

* Source: Forrester

** Source: Forbes

ABOUT US



1. LONGEST HISTORY IN IMPLEMENTING AI SOLUTIONS

- ✓ 20 years of experience, more than **300** successful projects for enterprises in all sector and government agencies
- ✓ 20 years of R&D investments to create **Cogito**, best-in-class cognitive Artificial Intelligence platform for text understanding

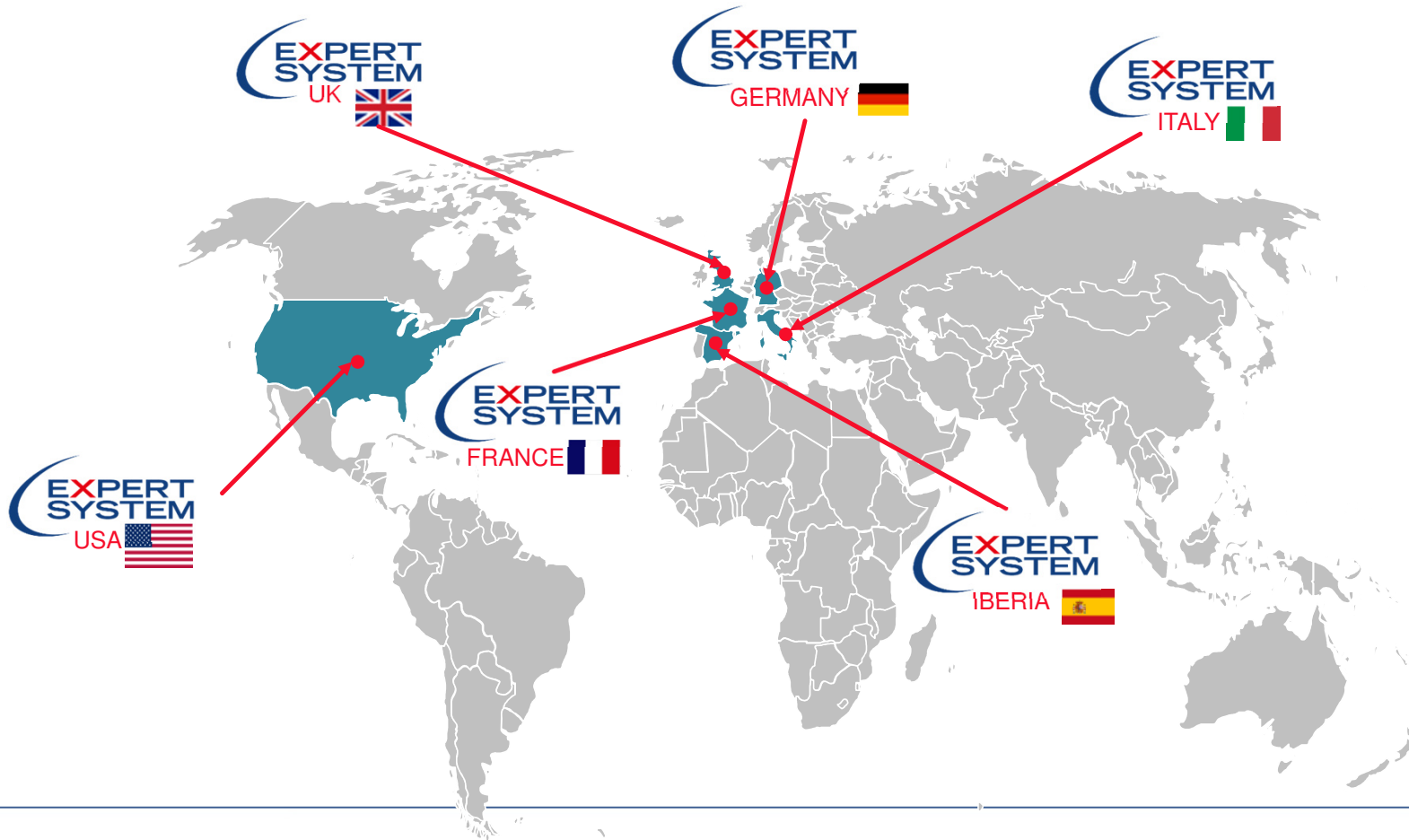
2. INTERNATIONAL COMPANY

- ✓ Public company (EXSY) with branches in US, UK, France, Germany, Spain and Italy
- ✓ Global company with local technical and sales teams
- ✓ Chosen by “S&P500”-“Blue Chip” Leading Companies all over the world and European and US Intelligence Agencies

3. LARGEST EUROPEAN VENDOR

- ✓ More than €28,7M in revenue in 2018
- ✓ More than 230 employees working on “state of the art” AI technology and solutions

GLOBAL FOOTPRINT



MARKET VALIDATION



FORRESTER WAVE™

- ☑ AI-based Text Analytics Platforms 2018
(Top 8 out of 100+ competitors)

“Expert System is architected on a healthy mix of rules, ontologies and AI. (...) **The years Expert System invested into building these rules and ontologies are paying off – Cogito produced one the highest levels of accuracy on an untrained data set among other Wave participants.** Cogito also uses AI for process automation (such as insurance claims processing, loan underwriting, etc), and more recently for Robotic Process Automation (RPA).”

GARTNER

- ☑ Magic Quadrant for Insight Engines 2017 – 2018

FORRESTER

- ☑ Look to Four Use Case Categories To Push RPA and AI Convergence, 2018

Gartner® **FORRESTER**®



COGITO TECHNOLOGY



UNDERSTANDING



REASONING



LEARNING



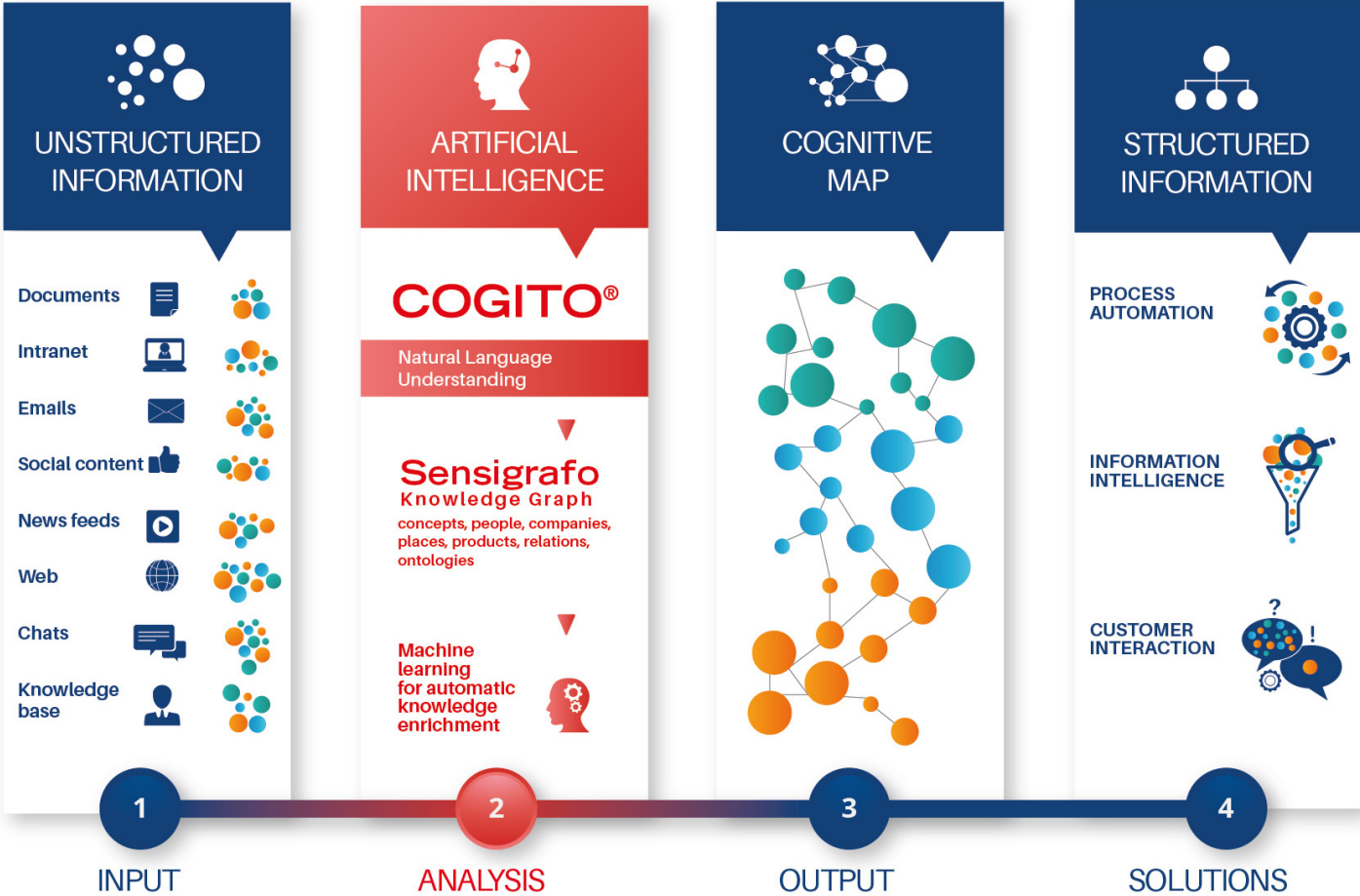
DECISION MAKING

- ✓ Best-in-class AI platform for text understanding and analytics
 - More than 400 man/years of development
 - 2 million concepts and entities, 6 million relations, advance rules based system
- ✓ Recognize the right meaning of every word and expression in the context with one of the highest levels of accuracy in the market (source Forrester)
- ✓ Based on patented AI algorithms, Cogito mimics the human ability to read and understand any textual content

- ✓ Cogito is available in 14 languages:

English	Polish
Italian	Arabic
French	Russian
German	Korean
Spanish	Japanese
Portuguese	Chinese
Dutch	Greek

COGITO: FROM CHAOS TO ORDER



BEST TECHNOLOGY PLATFORM

- ☑ Full integration of **semantic** and **machine learning** techniques to have **the best hybrid cognitive/AI platform** on the market
- ☑ **Richer and deeper coverage of languages**
- ☑ **Cloud and APIs:** implementation on different platforms
- ☑ **From technology to products:** implementation of **vertical components** for **specific industries** and **use cases** to reduce sales cycle duration and increase margins



CUSTOMER HIGHLIGHTS



AXA XL Leverages AI to Enhance Its Property Risk Engineering Capabilities Using Expert System's Cogito Platform

"By adopting AI based capabilities, AXA XL Risk Consulting can enhance its risk modelling capabilities, be more efficient in the management of low value tasks, and ultimately better serve clients."

Corinne Vitrac, CEO of AXA Matrix

"Delivering enhanced data and analytical capabilities, both internally and externally, is an essential element of our journey, and the work completed in partnership with our Risk Consulting team and Expert System adds to the AXA XL tool kit."

Steven Walden, Director of Strategy Operations for Global Property at XL Catlin

- ☑ **New customers** with a combined revenues **of more than 100 billion** with a **better mix** between license and services compared to recent years (**70-80% license** and 20-30% services)

- ☑ Key strategic wins in **Insurance, Banking, US Federal** and **Media** in **USA, UK, Switzerland, Italy, Spain** and **France**

- ☑ **New use cases** and **successful implementations**:
 - - Cognitive RPA for Insurance and Banking
 - Fighting fake news
 - AI based customer profiling
 - Chatbot

2018 AT GLANCE

2018 closed with a very good result:

- Revenues* reached **€28.7m**, compared to €25.6m in 2017 (+**12.1%**), meeting guidance
- Positive EBITDA equal to **€4.6m** with growth of around **€ 3.6m** (+343%) compared to **€1.0m** in 2017, meeting guidance
- Value of production equal to €35.5m, compared to €32.8m in 2017 (+€2.7m)
- Negative net result for €3.8m, which includes €7.9m of depreciations, compared to negative value of € 8.3 million in 2017
- Net financial position for €12.4m with more than €7.9m of cash

* In this document “revenues” or “sales” stand for “revenues net of change of inventories”

FINANCIAL HEADLINES (2018 VS 2017)

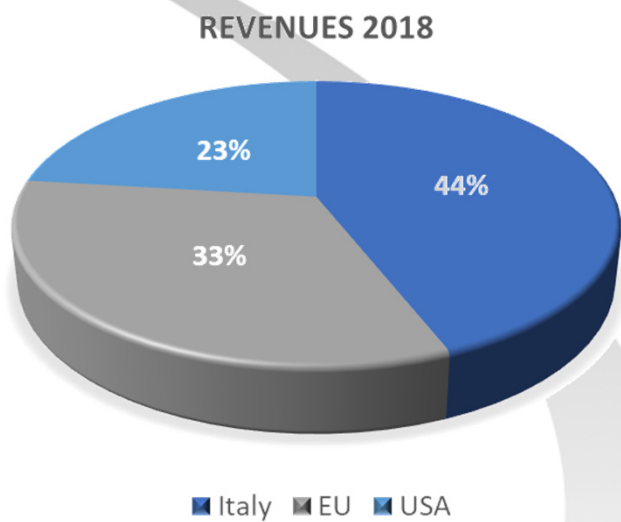
Year ended 31 December - €/m	2017	2018	Δ
Revenues	25,6	28,7	12,1%
Value of Production	32,8	35,5	8,2%
EBITDA	1,0	4,6	343,3%
<i>Margin%</i>	4,1%	16,2%	
EBIT	(6,5)	(3,2)	-50,3%
<i>Margin%</i>	-25,4%	-11,2%	
Net Result	(8,3)	(3,8)	-54,7%
Net Working Capital	13,1	15,7	2,6
Invested Capital	28,1	27,5	(0,6)
Net Financial Position	8,8	12,4	3,6
Shareholder's Equity	19,3	15,1	(4,2)

Revenues increase of €3.1m (+12.1%)

EBITDA increase of €3.6m: growing sales with a reduction in costs, improving efficiency in all areas of the group

Net financial position at €12.4m mainly due to the Net Working Capital increase for € 2.6 millions.

REVENUES BY REGION



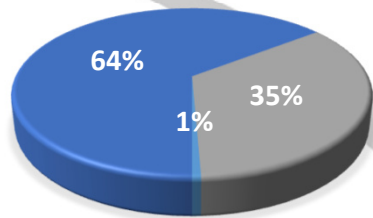
56% of sales are abroad, 33% in Europe and 23% in USA

Some highlights:

- UK: **+64%**
- Spain: **+95%**
- USA Fed: **+66%**
- Italy: **+32%**

REVENUES BY TYPE 2018 VS 2017

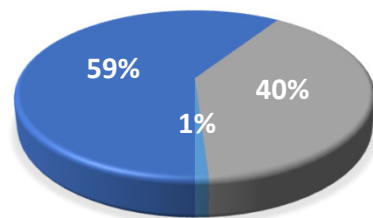
REVENUES 2017



Recurring licenses: 41%
Perpetual licenses: 59%

■ License (inc. maint.) ■ Prof. Services ■ Other

REVENUES 2018



Recurring licenses: **72%**
Perpetual licenses: **28%**

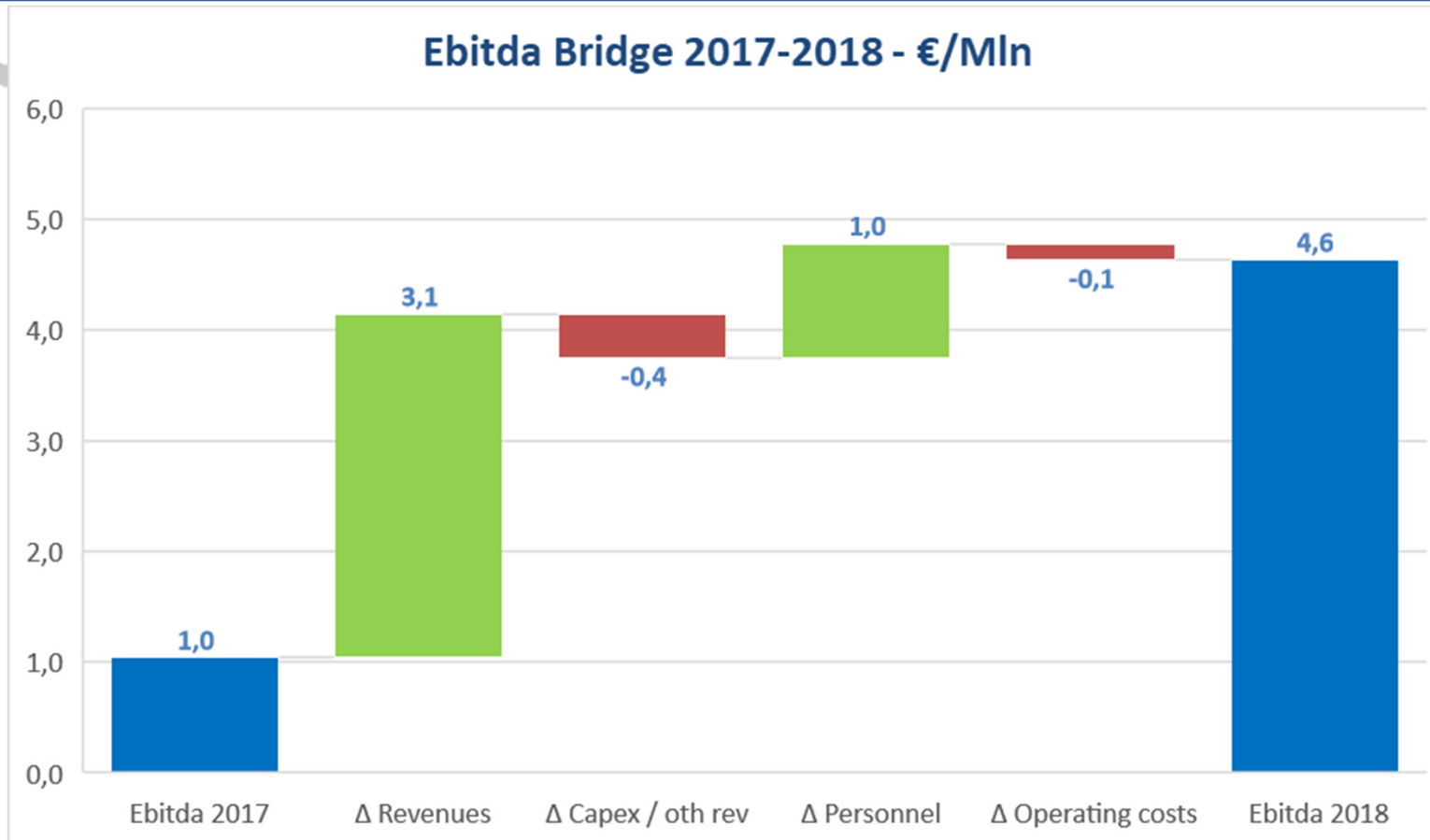
■ License (inc. maint.) ■ Prof. Services ■ Other

Sales Model: customers added in 2016 and 2017 generated significant **upsell** with new projects and extension of the first ones; still mainly direct with initial deals closed with Accenture, Atos, Cap Gemini, Deloitte

Licences: the vast majority of the customers opted for a recurring license creating a much more predictable stream of revenues for the future, with a temporary impact on the short term revenues; the trend is continuing in 2019

Professional services margin: the reorganization of 2017 has generated very positive results, with an increase in efficiency and an improved balance of the workloads across the group

EBITDA BRIDGE



FROM EBITDA TO NET RESULTS 2017 VS 2018

Year ended 31 December - €/m	2017	2018	Δ
EBITDA	1,0	4,6	3,6
Amortization of Intangible Assets	(7,2)	(7,6)	(0,4)
Amortization of Tangible Assets	(0,2)	(0,2)	0,0
Depreciation	(0,1)	(0,1)	0,0
EBIT	(6,5)	(3,2)	3,3
Financial Income/(Expense)	(0,6)	(0,4)	0,2
Exch. Gains / (Losses) unrealized	(1,6)	0,5	2,1
Result before taxes	(8,7)	(3,1)	5,6
Taxes	0,3	(0,6)	(1,0)
Net Result	(8,3)	(3,8)	4,6

Amortization +€0.4m.

Higher amortization for intangible assets connected to investments in R&D (+€0.4m).

Financial Costs €0.4m.

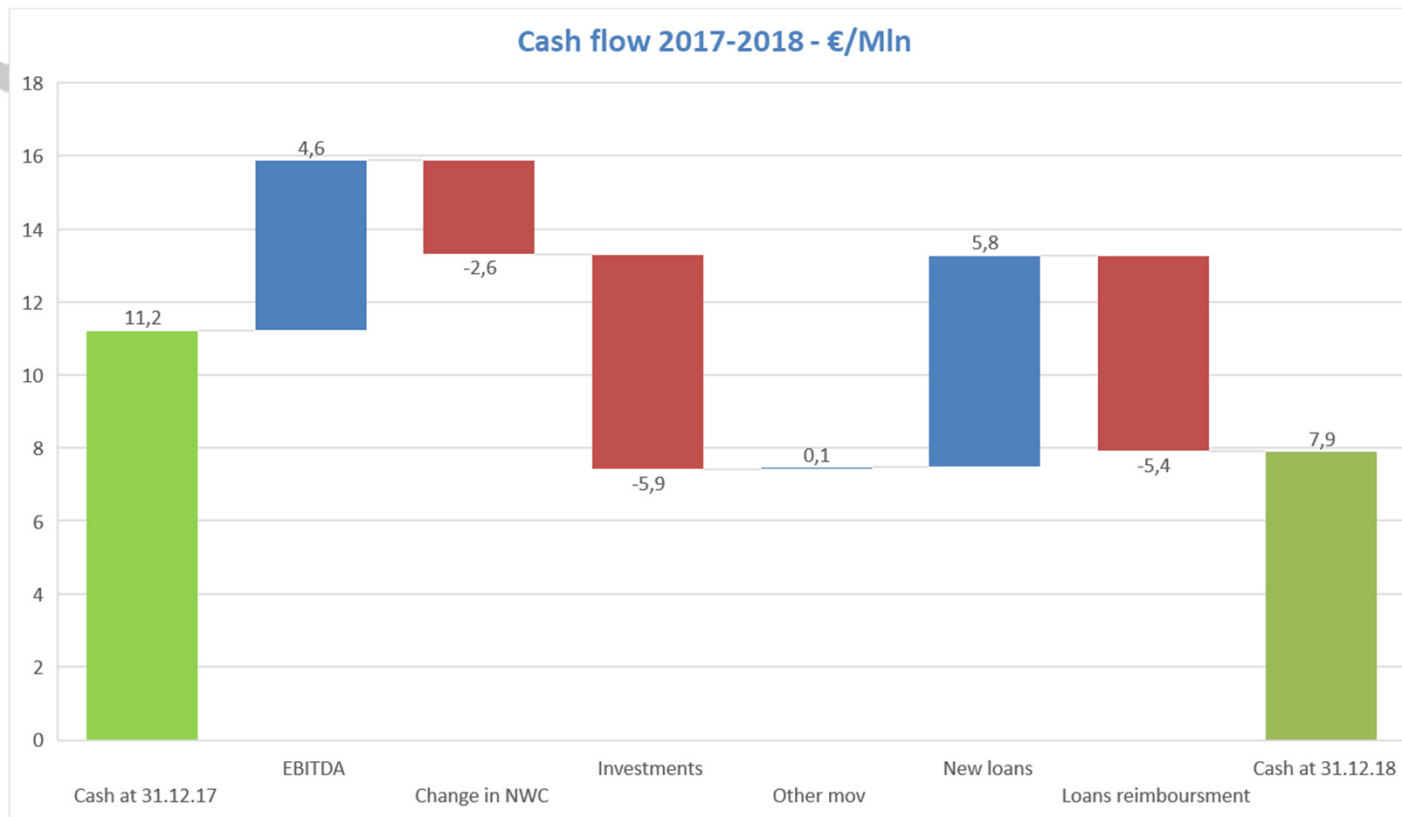
Interests paid on debt are stable, the reduction is due to 2017 exchange losses.

Unrealized exchange profit for €0.5m.

Referred to a better €/€ exchange rate impacting intercompany exposure.

Taxes refer the holding company that has turned to profit.

CASH FLOW BRIDGE



Fueling business development – Europe, USA

NEW RESOURCES FOR THE INTERNATIONAL GROWTH (April 23, 2019)

Capital increase (for a maximum amount of € 7,000,000.20) subscribed by a company of **private investors** (entrepreneurs, managers and professionals), including **Claudio Costamagna, Diego Piacentini** and **Francesco Caio**.



“As a group of financial investors, we are firmly convinced of the tremendous opportunity for the company to grow and expand in a technology sector with great potential, as the one related to the understanding of unstructured information”

Claudio Costamagna, Chairman of CC & Soci

STRATEGIC GUIDELINES 2019



Push on indirect channel with a reinforced team, specific investments and global approach in several countries

Strategic **partnerships** with leading **RPA** vendors (**UiPath** and **Blue Prism**) to enable the next step in robotic process automation that leverage the full power of Cogito

New sales team for the **US corporate** market focused on Insurance and Banking with the direct support of HQ teams for marketing and presale activities

Upsell across countries in **large multinational customers** to replicate local success stories and to implement new use cases

WHY INVEST IN EXPERT SYSTEM



The only listed pure Artificial Intelligence company



Outstanding, unique positioning in the Cognitive Computing, Artificial Intelligence fast growing market



Undervalued compared to its Competitors



International expansion in Europe and USA with both internal and external growth




Chosen by leading companies all over the world



THANKS!

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 twitter.com/Expert_System

 info@expertsystem.com