EXPERT SYSTEM

“Path to Lead” Strategic Plan 2020-2024

July 2020

Investor Presentation

PATH TO LEAD – GROWTH THESIS

- Market recognition of value of AI language solutions, but complexity remains major obstacle to successful adoption at scale
- Predictable pattern of technology adoption occurring in AI
  - Atlassian – collaboration and tracking tools for software development
  - Databricks – data science and machine learning analytics
  - Expert System – Natural Language Understanding (NLU) / Natural Language Processing (NLP) platform tools and workflow platform
- Practical AI NLU/NLP wins – simple to design, build, operate
  - Intuitive tools to design and deploy real solutions across the enterprise
  - Open and flexible approach to range of AI technology
  - Workflows to bring to scale in the enterprise or technology stack

AI CHALLENGE – THE REAL WORLD IS MESSY

- Exponential increase in complexity of AI models
  - Machine learning training sets have increased 300,000X since 2012
  - Microsoft language model has 17 billion parameters
  - GPT3 Language Model has 175 billion parameters
- “Black box” models lack transparency in face of rising demands for accountability
- Open source models remain fragmented and complex
- Data scientists scarce and expensive
- Projects often lack collaboration between data, IT, and business teams
- Gartner estimates 60% of AI projects never make it to production

Source: GartnerMagic Quadrant for Data Science and Machine Learning Platforms, January 2019

Competition

- Open source – libraries/repositories not true platforms for build/deploy
  - spaCy
  - StanfordNLP
  - NLTK
- AI / Machine learning (ML) / NLP tool companies – focused on AI environments not NLU/NLP
  - H20.a1
  - Data Robot
- Google, Amazon, Microsoft NLP offerings – focused on proprietary environment and infrastructure, not flexibility and efficiency

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Expert System - The Reference Platform for NLU/NLP

- Simplify technology
  - Web-based design environment
  - Engage data scientists, software developers, IT team, and business users
- Offer a platform for end to end design/build/deploy/operate
  - Tools/workflows to build, deploy, and manage at enterprise scale
  - Provide best-in-class proprietary solutions and relevant open source models
- Enable HybridNL to combine proprietary and open source approaches
  - Symbolic/knowledge graph domain richness
  - Open source machine learning/deep learning/language models

Business Model

- Best tools and workflows – design, build, operate platform
  - Make your work more efficient even if you adopt an ML/opensource approach
  - Design and build through deploy, manage, and monitor

- Larger market – lower entry price & attract open source users
  - 100K data scientists, 6,000+ enterprise customers, + 500 OEMs, Tier 1/2 solutions integrators
  - $10k – $500k+ price points
  - Consumption user/volume/functions through full enterprise license pricing

- Accelerate acquisition and lower cost to serve with Product-Qualified Leads
  - Low touch/volume sale in the bottom of the funnel – freemium and individuals
  - Small and medium revenue customers feed into higher levels of the funnel
  - Direct Team focus on most mature Value PQLs
  - Added focus on Indirect & OEM ~40% of revenue

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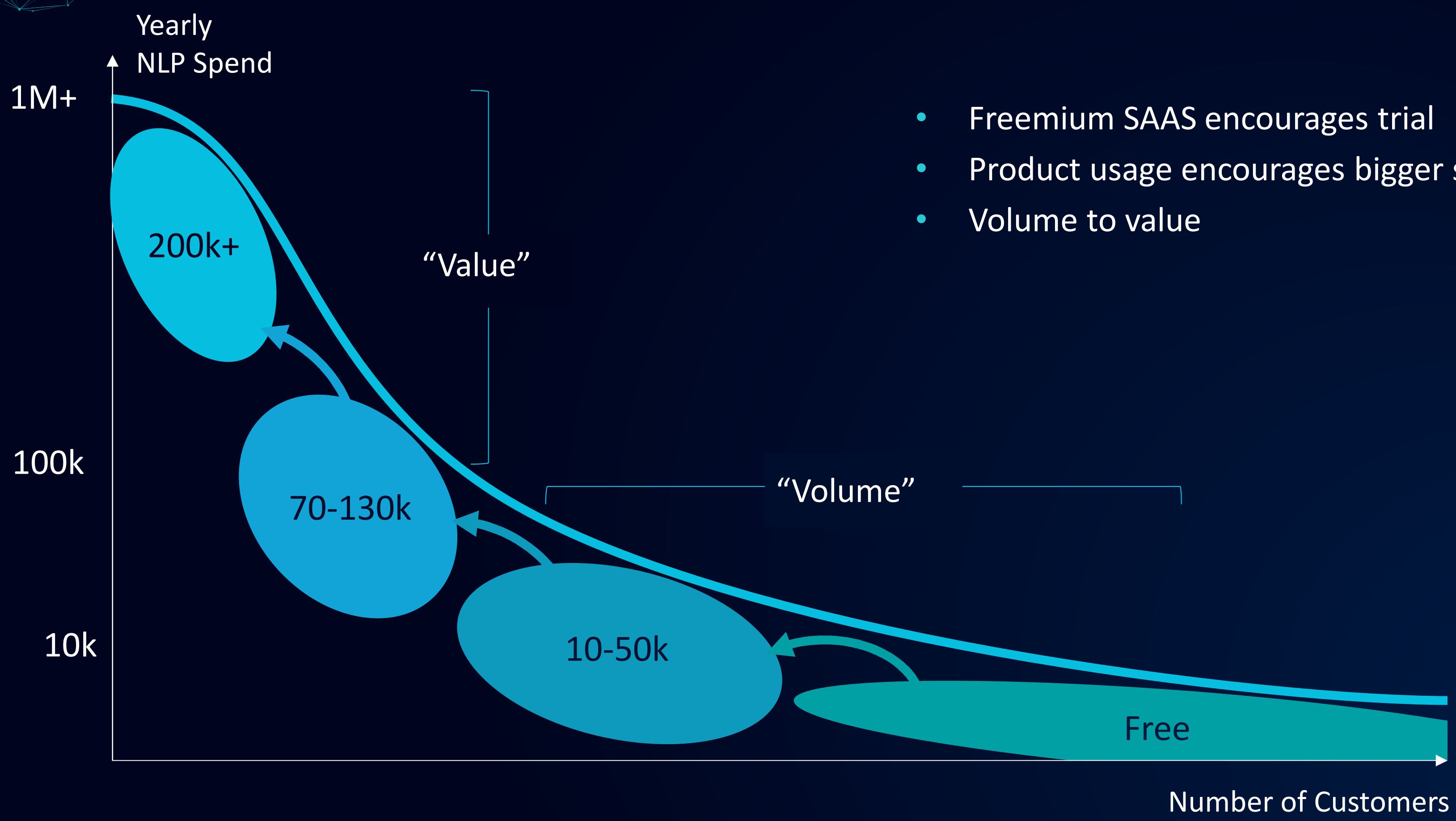
Product Led Model Accelerates Velocity & Expands Market



- Freemium SAAS encourages trial
- Product usage encourages bigger spend
- Volume to value

Growth Model

- Invest in US sales and marketing
- Enhance recurring revenue with consumption pricing
  - Software gross margins ~80%
  - Target NDR of 110%
  - Services < 20% of revenue by 2024
- Focus on core verticals and use cases for high-end value customers
- Offer OEM software NLU/NLP layer for stack
- Develop channel distribution: 40% by 2024
- Generate Acquisition/Consideration/Conversion (A/C/C) through freemium/community open-core offering

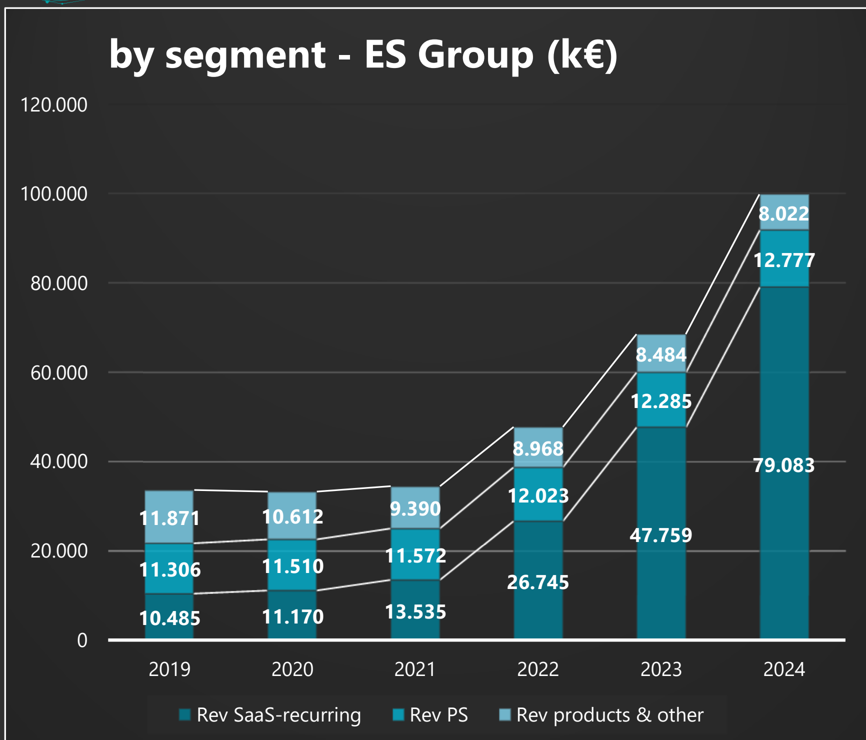
Plan Roll-out

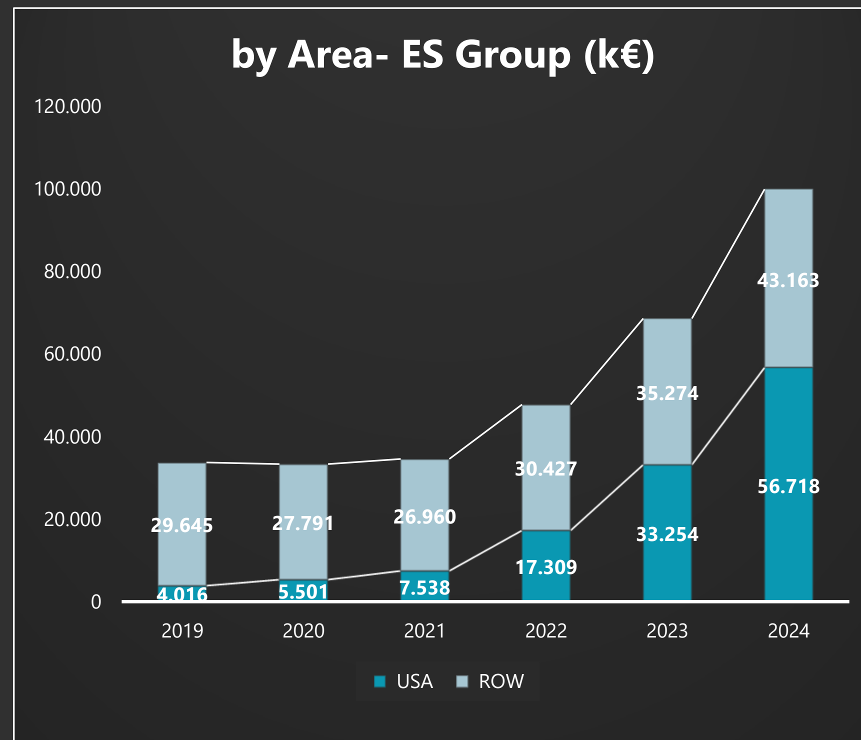
- 2020 – Setting the stage
  - COVID impact 2020 revenue – flat YoY
  - July Cloud API release and October major product release
  - Senior management team and US sales and marketing ramp
  - R&D team ramp

- 2021-22 – Ramping growth
  - March full SaaS platform release
  - US growth >100% YoY
  - Major marketing investment and community development
  - ~€23MM cash consumption

- 2023-2024 – Rule of 40 growth and platform leadership
  - Free cash flow generation ~€8MM
  - US >€56MM revenue

Revenues Breakdown 20-24

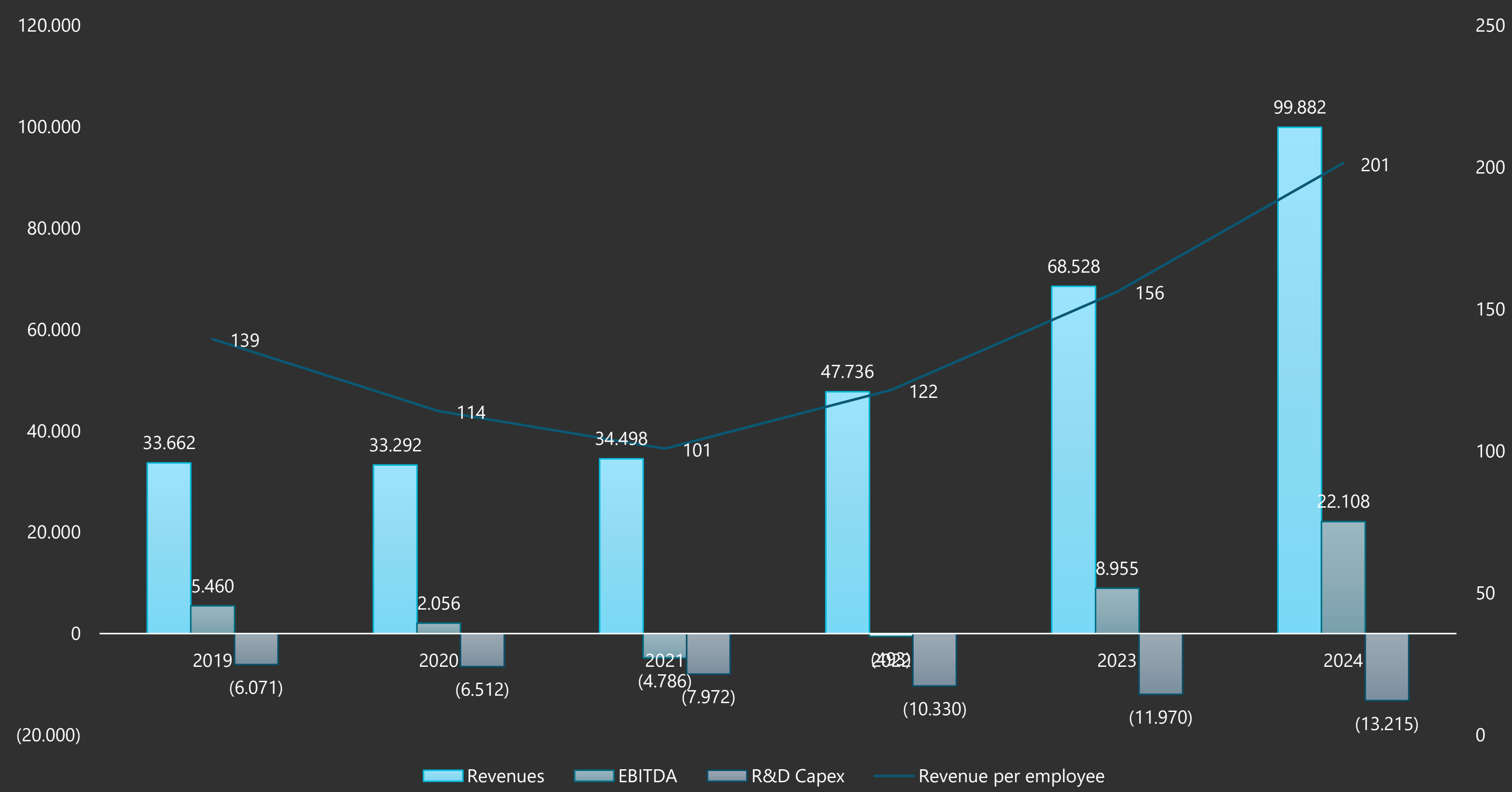




Saas-recurring CAGR 63%
Saas-recurring CAGR in USA 119%

USA CAGR 79%

P&L Summary (k€)



120.000
100.000
80.000
60.000
40.000
20.000
0
(20.000)
250
200
150
100
50
0
33.662
5.460
(6.071)
139
2019
33.292
2.056
(6.512)
114
2020
34.498
(4.786)
(7.972)
101
2021
47.736
(10.330)
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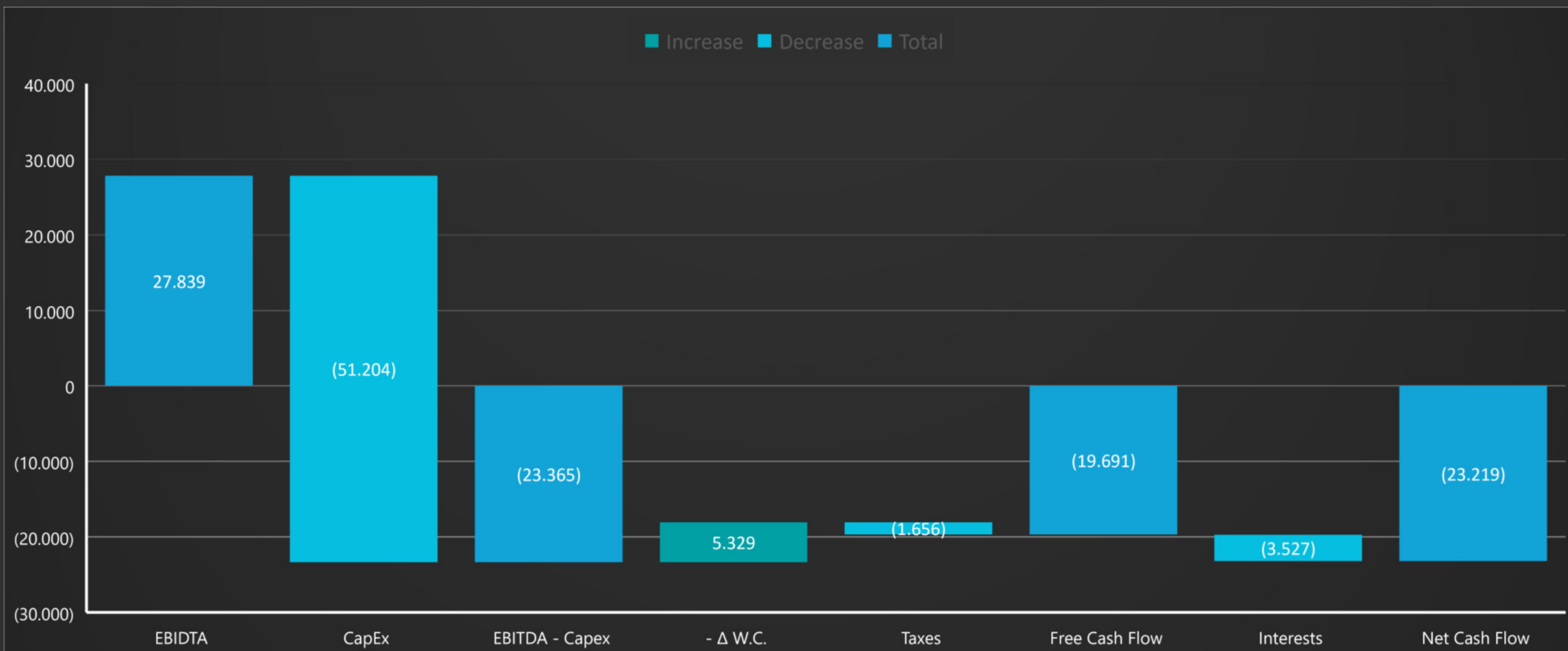
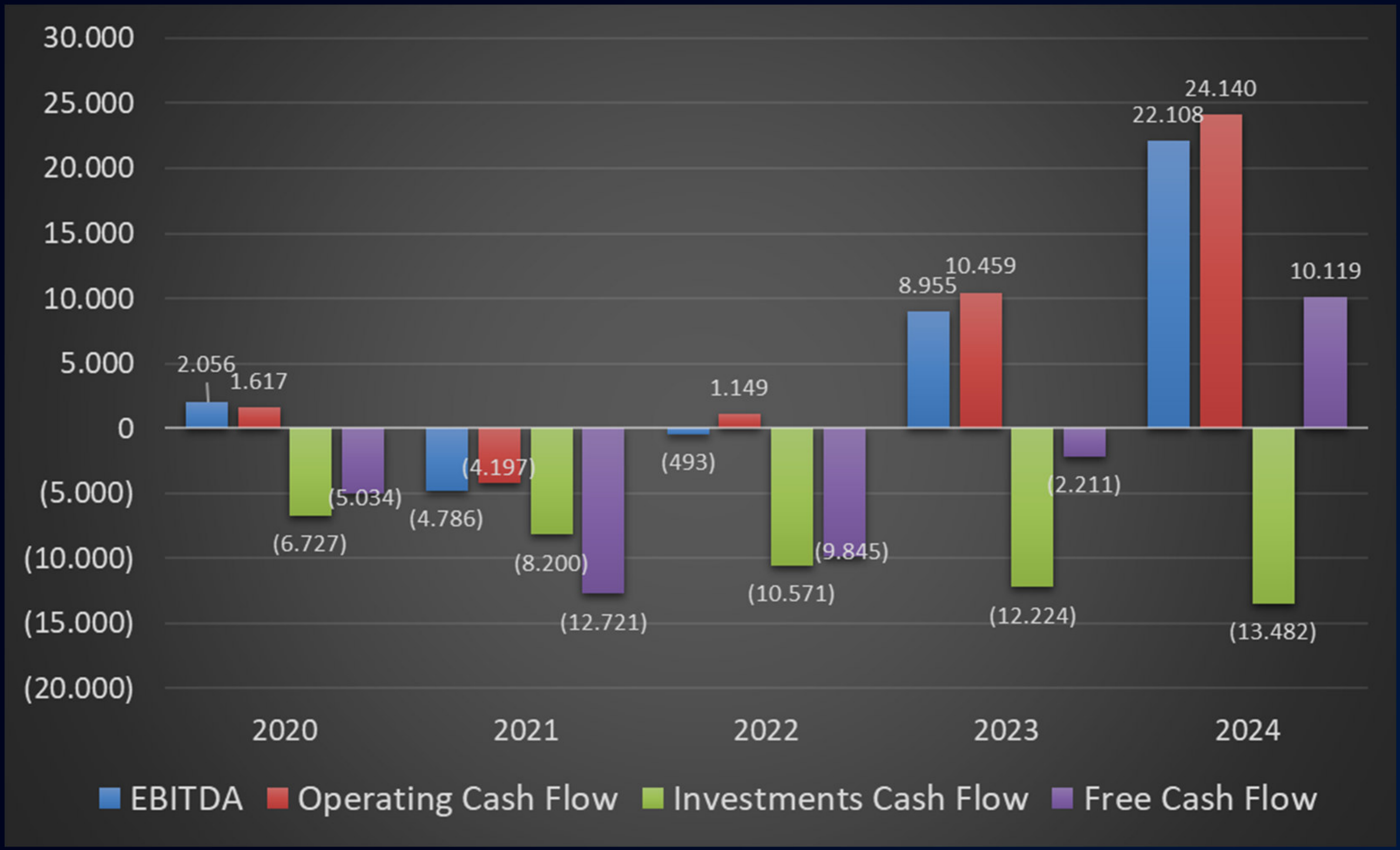
68.528
8.955
(11.970)
156
2023
99.882
22.108
(13.215)
201
2024
Revenues
EBITDA
R&D Capex
Revenue per employee

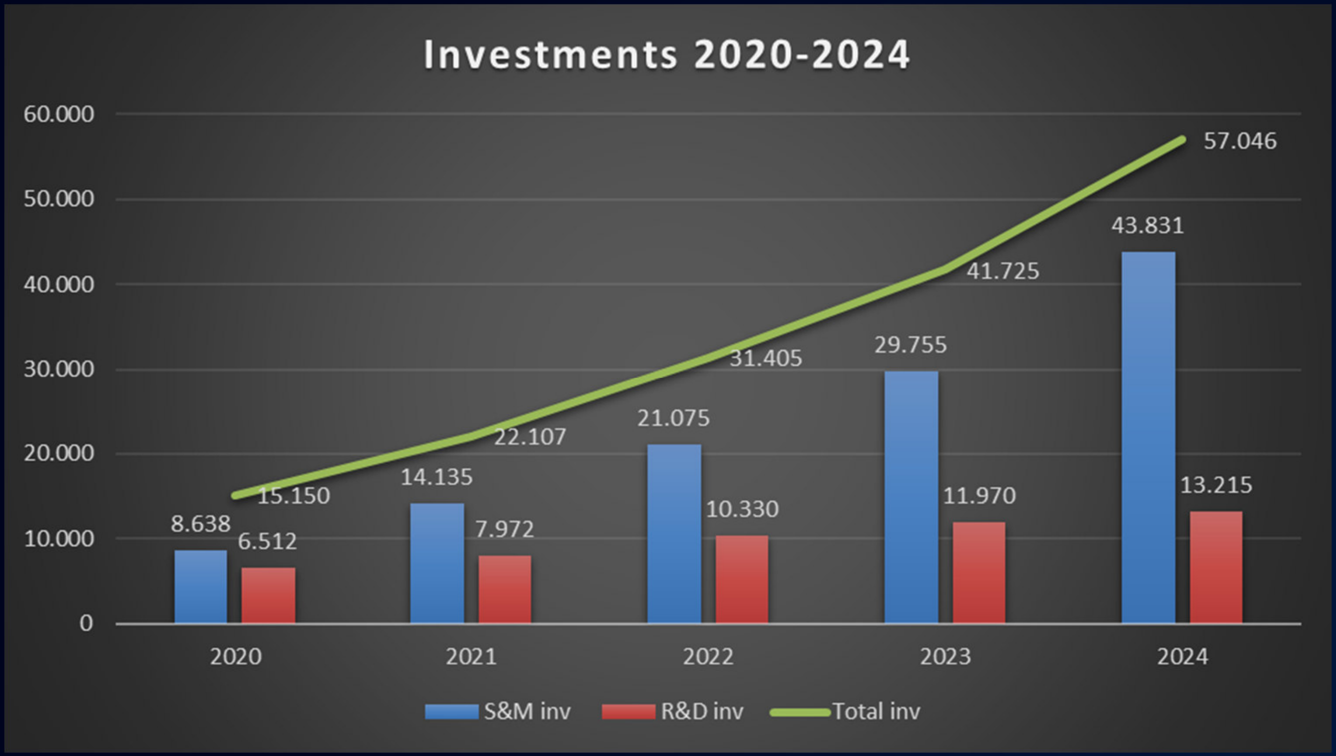
Net Cash Flow Summary 20-24 (k€)



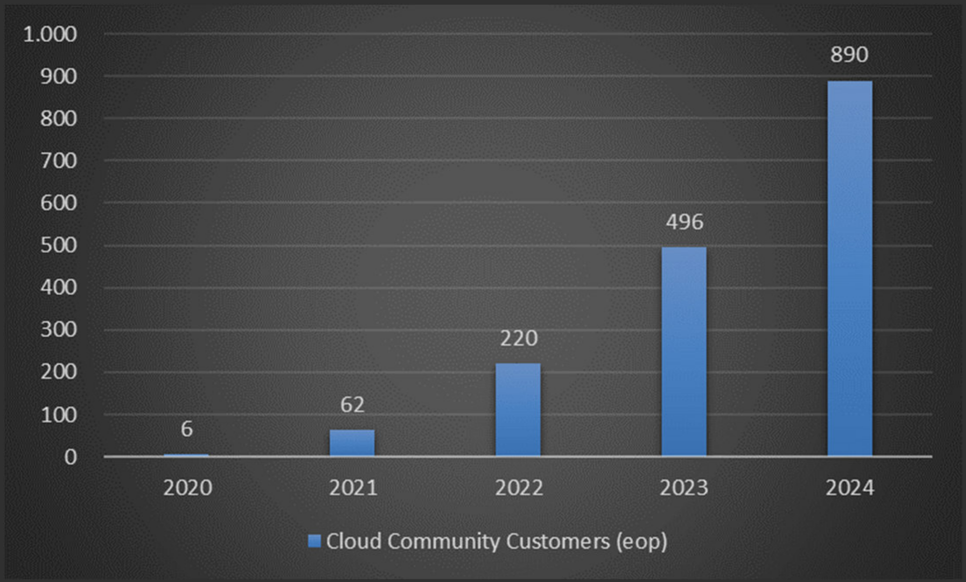
Cash flow 2020-2024

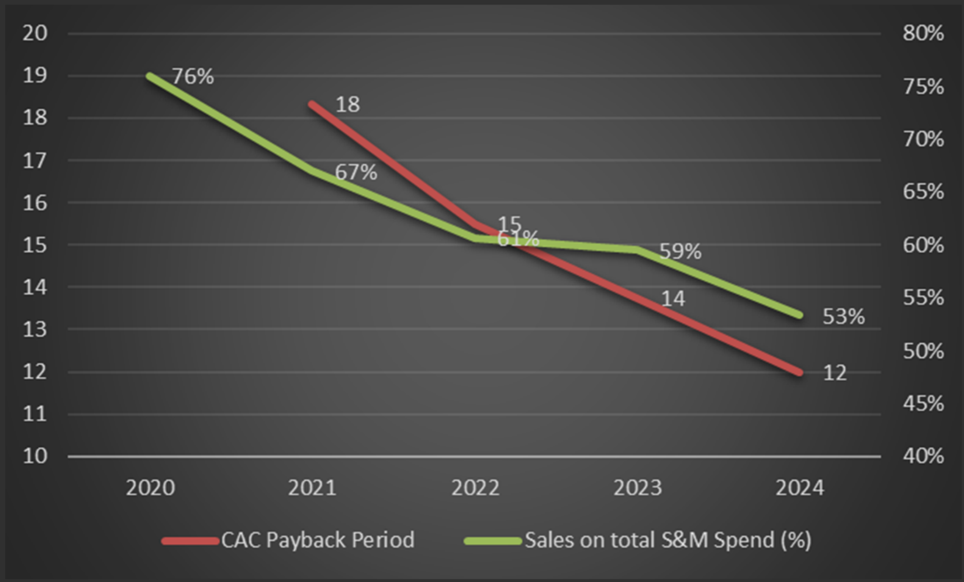


Investments in S&M and R&D



Other Metrics





CAC: Customer Acquisition Costs

Share capital increase of € 25 million to sustain the "Path to Lead"

- On June 9, 2020 Expert System's BOD approved the plan to appoint a proxy to increase the share capital for an overall amount of € 25 million.

- The BOD aims to partially execute the proxy for up to € 20 million by July 2020:
  - Right issue offer of up to € 8 million
  - Private Placement of up to 12 million

THANK YOU

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