



# SPAFID CONNECT

Informazione Regolamentata n. 20040-11-2020	Data/Ora Ricezione 27 Marzo 2020 18:21:20	AIM -Italia/Mercato Alternativo del Capitale
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Societa' : EXPERT SYSTEM S.P.A.

Identificativo : 129728

Informazione  
Regolamentata

Nome utilizzatore : EXPERTSYSTN02 - Francesca Spaggiari

Tipologia : 1.1

Data/Ora Ricezione : 27 Marzo 2020 18:21:20

Data/Ora Inizio : 27 Marzo 2020 18:21:21

Diffusione presunta

Oggetto : Results as of 31 December 2019 approved.  
Consolidated revenues continue to grow:  
+10.1%, equal to Euro 31.6 million and  
+18% EBITDA, equal to Euro 5.5

*Testo del comunicato*

Vedi allegato.



**Expert System: results as of 31 December 2019 approved.**

**Consolidated revenues continue to grow: +10.1%, equal to Euro 31.6 million and  
+18% EBITDA, equal to Euro 5.5 million**

- **Main consolidated results as of 31/12/2019:**
  - Revenues from sales<sup>1</sup> equal to Euro 31.6 million, +10.1% compared to 2018 (Euro 28.7 million)
  - Value of Production equal to Euro 39.7 million, +11.9% compared to 2018 (Euro 35.5 million)
  - EBITDA equal to Euro 5.5 million, +17.7% compared to 2018 (Euro 4.6 million) with a 17.3% EBITDA margin
  - Net financial position of Euro 2.8 million, a significant improvement compared to 2018 (Euro 12.4 million) and cash and cash equivalents equal to Euro 21.7 million (Euro 7.9 million in 2018)
  - The Group confirms it is fully operational thanks to smart working, already used before the COVID-19 emergency, by reason of the peculiarities of its business focused on technological innovation and digitization

**Modena, 27 March 2020**

The Board of Directors of [Expert System S.p.A.](#), a leading company in the Artificial Intelligence market, met today by conference call and approved the Group's consolidated financial statements and the draft financial statements as of 31 December 2019, which will be submitted for approval to the Ordinary Shareholders' Meeting on 26 June 2020 (first call) and, if necessary, on 29 June 2020 (second call).

**Stefano Spaggiari, CEO of Expert System S.p.A., said:**

*"We are satisfied with the significant growth in 2019 in both our turnover - Euro 31.6 million - up by more than 10%, and in the value of production, equal to Euro 39.7 million, with EBITDA at Euro 5.5 million and a more than 17% marginality. Along with the constant development of our Artificial Intelligence platform, which proved to be a top platform in the world scenario, we acquired new prestigious customers. The strengthening of our partnership program and of the indirect channel was another important part of our expansion and rationalization strategy, which is being pursued precisely at a time when the market for cognitive solutions is*

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<sup>1</sup> Sales net of change in inventories



*progressively maturing, both in Europe and in the USA. The sale of ADmantX, at 8X of its turnover, further gave evidence of the value that can be created with cutting-edge technology like ours, and also in an international context, given the prestigious American buyer with which the transaction was concluded. It is difficult to tell how long the health emergency will last. We can confirm we are fully operational thanks to our business model and smart working, already used before the government regulations came into force, as well as our commitment to constant growth and development."*

**Walt Mayo, Expert System Group CEO, said:**

*"Our strong performance in 2019 is evidence of the strength of our team, the depth of our technology, and the value that our customers see in practical AI that works to solve real business problems. Across a range of industries, we demonstrated our unmatched experience in applying AI to the language of business to accelerate speed, handle scale, and augment insight for our customers. We worked as true partners with our customers by offering deep industry domain expertise in our people and technology. And in a world where AI is becoming increasingly complex, we brought an approach that puts our customers in charge with outcomes they understand and a platform they can shape to their needs.*

*We're extraordinarily excited about the opportunity ahead as more and more enterprises realize the value of applying our AI-based solutions to the explosion of language-based data. We will continue to focus relentlessly on developing practical, explainable AI that delivers value for our customers and that is informed with real-world insights about how businesses actually work and how people communicate through language. We will also continue to expand and simplify our reach with enhanced API's, scalable cloud offerings, and intuitive management tools. And we will build the depth and presence of our team to serve our customers' emerging needs and to grow rapidly across key markets, particularly in the US. Expert System is uniquely positioned to become the partner of choice for enterprises in this fast-growing segment of the AI market and we have the team and the technology that is equal to the opportunity."*

## **MAIN ECONOMIC AND FINANCIAL RESULTS OF THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**

**Revenues from sales<sup>1</sup>** grew by 10.1% to approximately Euro 31.6 million, compared to Euro 28.7 million in 2018. In particular, 61% of revenues are represented by licenses and maintenance, 36% by professional services and 3% by a residual portion of other services. Sales growth continues for recurring licenses which in 2019 represent 76% of the new licenses sold (in 2017 were 40%). As for the breakdown by geographical areas, the foreign component of revenues is equal to 54%, of which 24% were generated in the US market and 30% in Europe, especially in the UK, Germany and France thanks to the reorganization activities of recent years.



Significant was also the contribution of the indirect channel (10% of revenues) through our partnership program that was strengthened in April also by introducing an e-learning platform with which a larger number of professionals received training on Expert System's artificial intelligence technology and products.

**Value of Production** grew by 11.9% to Euro 39.7 million, compared to Euro 35.5 million in 2018.

**EBITDA** was equal to Euro 5.5 million, posting a 17.7% increase compared to Euro 4.6 million as of 31 December 2018, with a 17.3% EBITDA margin thanks to the mix of growth in revenues, value of production and cost optimization management.

**EBIT** also improved, negative by approximately Euro 2.9 million, compared to negative EBIT by approximately Euro 3.2 million as of 31 December 2018, after amortization, depreciation, write-downs and provisions of Euro 8.3 million (Euro 7.9 million as of 31 December 2018) mainly due to capitalized development costs and to the Euro 2.2 million amortization of the consolidation difference relating to past acquisitions.

The **Net Result** was negative by Euro 1.0 million, a significant improvement (Euro 2.8 million) compared to the negative result of Euro 3.8 million of the previous year, also as a result of financial management which posted a positive result of Euro 2.1 million (Euro 97 thousand as of 31 December 2018) mainly due to the Euro 2.2 million capital gain deriving from the sale of the subsidiary ADmantX.

The **Net Financial Position** was equal to Euro 2.8 million, a significant improvement compared to the previous year's NFP of Euro 12.4 million, mainly due to the increase in subscribed capital for Euro 7.1 million in April and to the liquidity deriving from the sale of the subsidiary ADmantX for approximately Euro 7 million in November. Cash and cash equivalents as of 31 December 2019 amounted to approximately Euro 21.7 million compared to Euro 7.9 million of the previous year.

**Shareholders' equity** grew to Euro 20.1 million, compared to Euro 15.0 million as of 31 December 2018.

The Group's results as of 31 December 2019 were essentially in line with the 2019 Strategic Guidelines (see press release of 27 September 2019) in terms of revenues, expected to be Euro 33.0 million (posting a variance of about 4%), and confirmed management's estimates in terms of EBITDA being in the range of Euro 5.0/6.0 million.



In view of the current situation linked to the global health crisis due to the spread of COVID-19 and the uncertainty of the global macroeconomic context connected to this emergency, the Company, whilst confirming its solid fundamentals, deems it appropriate to postpone the release of its new 2020-2022 Industrial Plan and its related Strategic Guidelines.

#### **MAIN ECONOMIC AND FINANCIAL RESULTS OF EXPERT SYSTEM S.P.A. AS OF 31 DECEMBER 2019**

**Revenues from sales<sup>2</sup>** amounted to Euro 20.6 million (Euro 19.0 million in 2018).

**Value of Production** was Euro 26.2 million (Euro 23.1 million in 2018).

**EBITDA** was Euro 5.5 million (Euro 6.8 million in 2018).

**EBIT** was Euro 0.8 million (Euro 2.3 million in 2018).

The **Net result** was positive by Euro 2.6 million (Euro 1.6 million in 2018).

The **Net Financial Position** was negative by Euro 5.4 million (negative by Euro 13.1 million as of 31 December 2018).

**Shareholders' equity** amounted to Euro 48.4 million (Euro 38.8 million as of 31 December 2018).

#### **PROPOSAL FOR ALLOCATION OF YEAR'S PROFIT**

The Board of Directors will propose to the Shareholders' Meeting to allocate the year's profit of Expert System S.p.A., equal to Euro 2,614,340.99 as follows: Euro 8,314.08 to increase the legal reserve and Euro 2,606,026.91 to increase the extraordinary reserve.

#### **MAIN CORPORATE EVENTS OCCURRED IN 2019**

- *10 January:* AXA XL Risk Consulting, a member of the AXA Group - a world leader in the insurance sector - chose Expert System 's artificial intelligence to enhance its Property Risk Engineering capabilities, thanks to the automation of the real estate appraisal reading process through natural language processing.
- *7 February:* The Board of Directors approved the framework resolution on the renewal of the intercompany loan plan in favor of subsidiaries.
- *15 March:* Expert System was chosen as one of the top 100 Knowledge Management companies. This was the fifth year in a row that KMWorld's experts chose our Company for this prestigious recognition.
- *19 March:* The release of the new version of Cogito® was announced. This confirmed once again the company's utmost commitment to the needs of its customers and partners and its constant attention to innovation.

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<sup>2</sup> Sales net of change in inventories



- *23 April:* The company approved the Euro 7 million share capital increase reserved to ERGO S.r.l., a newly established company controlled by a pool of private investors (entrepreneurs, managers and professionals), including Claudio Costamagna, Diego Piacentini and Francesco Caio.
- *3 May:* The first tranche of the 2018-2020 Stock Grant and Stock Option Plans matured.
- *20 June:* The latest results of Expert System's research and development activities were published in the "Semantic Web" journal, which further confirmed the uniqueness of Expert System's approach based on the integration between machine learning and the knowledge graph to improve business processes based on the understanding of language and knowledge.
- *28 June:* The third and final tranche of the 2016-2020 Stock Grant Temis Plan was assigned.
- *11 July:* Expert System was chosen for the sixth time in a row as "Trend Setting Product" by KMWorld, the prestigious and internationally renowned American Knowledge Management magazine.
- *26 July:* Swiss Re chose Expert System's artificial intelligence to manage "knowledge-intensive" processes.
- *2 August:* The non-convertible bond loan "2019-2026 Expert System Bonds", for a total nominal amount of Euro 5 million, represented by 50 non-divisible bonds with a unit nominal value of Euro 100,000, lasting 7 years and maturing on 2 August 2026 and fully subscribed by UniCredit S.p.A., was successfully placed.
- *2 October:* For the third year in a row, Gartner included Expert System in the Magic Quadrant dedicated to Insight Engines.
- *24 October:* Third edition of Cogito AI Day, the international Expert System event dedicated to artificial intelligence in the business world.
- *5 November:* Expert System won the US "Transformation in Action" 2019 award with a first place overall in the "Insurance Solution Provider" category.
- *11 November:* Mainfirst Bank AG, a company of the Stifel Group, was appointed as a new Specialist on 8 December 2019 to replace Integrae SIM S.p.A.
- *20 November:* The sale of ADmantX, 60.8% controlled by Expert System, to Integral Ad Science (IAS), a global leader in digital ad verification, was signed. In the light of the € 16,000,000 enterprise value of ADmantX, corresponding to 8X of the 2018 sales, IAS acquired 100% of the shares in cash, including the participation of Expert System, which was sold for € 7,098,009.
- *5 December:* One year after the partnership agreement with Expert System, the Dutch banking group Rabobank gradually increased the application of advanced Cogito® features to the analysis of unstructured data.
- *23 December:* The options relating to the first tranche of the 2018-2020 Stock Option Plan were exercised.



## **EVENTS AFTER THE CLOSING OF THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019**

- *4 February*: The Board of Directors approved the framework resolution on the renewal of the intercompany loan plan in favor of subsidiaries.
- *24 February*: The Board of Directors appointed Walt Mayo Group CEO to strengthen business in the United States and accelerate global growth.
- *5 March*: "Expert System Helvetia SÀRL", wholly owned by Expert System, was established in Geneva.
- *25 March*: The company's growth strategy continued with the appointment of Gabriele Donino as Group Chief Operating Officer.

## **FORESEEABLE EVOLUTION OF MANAGEMENT**

In the light of the health crisis linked to the spread of COVID-19, Expert System has taken all measures to ensure the total continuity of its business, strengthening smart working already used within the Group. Despite the current complex context, the company confirms its strategic guidelines for international growth, both directly and indirectly, especially in the USA where the market is particularly interested in artificial intelligence solutions.

## **TREASURY SHARES**

During the year, as part of the "Stock Grant Temis 2016-2020" plan, the Company allocated 64.431 treasury shares to the beneficiaries, former employees or directors of Temis S.A., now Expert System France S.A., which was acquired in 2015.

The Company also transferred 12,278 treasury shares to a supplier as payment for services received during the year. As of 31 December 2019, the Company did not have any treasury shares in its portfolio.

## **OTHER RESOLUTIONS**

The Board of Directors, exercising the right established by art. 106 paragraph 1 of Decree Law no. 18/2020, whereby the Shareholders' Meeting can be called up to 180 days after year-end rather than 120 days (so-called "Cura Italia" Decree, issued following the health emergency caused by the COVID-19 pandemic), resolved to amend the financial calendar, convening the Shareholders' Meeting on 26 June 2020 (first call) and, if necessary, on 29 June 2020 (second call).

## **Call notice**

The Shareholders' Meeting call notice, to be published by the deadlines established by law and by the Articles of Association, will also indicate how to participate in the meeting, with a view in particular to responding to



the needs arising from the current emergency and its continuation over time and in compliance with the provisions of the law in force at the time. Please also note that the documentation relating to the items on the agenda will be made available to the public at the company's registered office and on the website [www.expertsystem.com/it](http://www.expertsystem.com/it).

*The consolidated and separate financial statements as of 31 December 2019 will be made available to the public by the deadlines and at the conditions set out in the AIM Italia Issuers' Regulations, as well as on the Company's website, [www.expertsystem.com/it](http://www.expertsystem.com/it) in the "Investor Relations/Financial Report" section.*

*This press release is available on the Company's website [www.expertsystem.com/it](http://www.expertsystem.com/it) and [www.emarketstorage.com](http://www.emarketstorage.com).*

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## **About Expert System**

Expert System is a global leader in artificial intelligence applied to text. Its flagship platform provides a unique mix of natural language understanding and machine learning algorithms to help organizations bring human like comprehension of any kind of text to accelerate business processes, enhance knowledge discovery and improve decision making. Headquartered in Italy (EXSY:MIL), Expert System operates throughout Europe, the Americas, Canada and the Middle East across a vast range of sectors and use cases including content enrichment, customer care, compliance, third party risk mitigation and intelligence applications. It has cemented itself as at the forefront of the artificial intelligence sector working with global businesses such as AXA XL, Lloyd's of London, Zurich Insurance Group, Generali, Bayer, Bloomberg BNA, BNP Paribas, Rabobank, Dow Jones, Gannett, IMF and Ebsco.

For more information visit [www.expertsystem.com](http://www.expertsystem.com), follow us on [LinkedIn](#) and [Twitter](#)

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### **Attached:**

- Consolidated Balance Sheet as of 31/12/2019
- Consolidated Income Statement as of 31/12/2019
- Consolidated Net Financial Position as of 31/12/2019
- Expert System S.p.A. Balance Sheet as of 31/12/2019
- Expert System S.p.A. Income Statement as of 31/12/2019
- Expert System S.p.A. Net Financial Position as of 31/12/2019

Please note that the economic and financial data reported herein are being certified by the appointed auditing firm.



Consolidated Balance Sheet	31/12/2019	31/12/2018	Change
Net intangible assets	13,091,778	14,733,649	(1,641,871)
Net tangible assets	701,666	715,423	(13,757)
Equity investments and other non – current financial assets	4,489,459	4,568,003	(78,544)
<b>Fixed capital</b>	<b>18,282,903</b>	<b>20,017,076</b>	<b>(1,734,172)</b>
Short-term financial assets	-	4,775,574	(4,775,574)
Warehouse inventories	58,608	109,312	(50,704)
Trade receivables	20,446,973	15,805,517	4,641,456
Other receivables	5,305,441	5,308,534	(3,094)
Accrued income and prepaid expenses	433,468	577,090	(143,622)
<b>Short-term assets</b>	<b>26,244,489</b>	<b>26,576,027</b>	<b>(331,537)</b>
Trade Payables	(4,247,286)	(2,807,819)	(1,439,468)
Advance payments	(311,099)	(236,256)	(74,842)
Tax and social security payables	(1,617,620)	(1,827,535)	209,915
Other payables	(2,229,701)	(2,074,263)	(155,438)
Accrued expenses and deferred income	(4,210,877)	(3,883,738)	(327,139)
<b>Short-term liabilities</b>	<b>(12,616,584)</b>	<b>(10,829,611)</b>	<b>(1,786,973)</b>
<b>Net working capital</b>	<b>13,627,906</b>	<b>15,746,416</b>	<b>(2,118,510)</b>
Employee severance indemnity	(2,312,384)	(2,143,307)	(169,077)
Tax and social security payables	(21,902)	-	- 21.902,00
Accrued expenses and deferred income after 12 months	(4,307,010)	(4,681,359)	374,349
Other medium and long – term liabilities	(1,563,316)	(1,456,729)	(106,586)
<b>Medium/long – term liabilities</b>	<b>(8,204,612)</b>	<b>(8,281,396)</b>	<b>76,784</b>
<b>INVESTED CAPITAL</b>	<b>23,706,197</b>	<b>27,482,095</b>	<b>(3,775,898)</b>
Shareholders' equity	(20,900,905)	(15,077,489)	(5,823,416)
Net medium/long – term financial position	(18,588,011)	(14,810,677)	(3,777,334)
Net short – term financial position	15,782,719	2,406,071	13,376,648
<b>OWN EQUITY AND NET FINANCIAL DEBT</b>	<b>(23,706,197)</b>	<b>(27,482,095)</b>	<b>3,775,898</b>



Consolidated Income Statement	31/12/2019	31/12/2018	Change
Net revenue	31,654,069	28,697,152	2,956,917
Inventory change	(50,704)	10,104	(60,808)
Own work capitalized	6,070,875	5,043,857	1,027,018
Other income	2,058,176	1,759,421	298,755
<b>Production value</b>	<b>39,732,416</b>	<b>35,510,534</b>	<b>4,221,882</b>
External operating costs	(15,481,283)	(12,305,363)	(3,175,920)
<b>Economic value added (EVA)</b>	<b>24,251,133</b>	<b>23,205,171</b>	<b>1,045,962</b>
Cost of labor	(18,792,278)	(18,567,191)	(225,087)
<b>EBITDA</b>	<b>5,458,855</b>	<b>4,637,981</b>	<b>820,874</b>
Amortization, depreciation and other provisions	(8,336,982)	(7,866,532)	(470,450)
<b>Net operating profit</b>	<b>(2,878,127)</b>	<b>(3,228,551)</b>	<b>350,424</b>
Financial income and expenses	2,098,161	97,296	2,000,865
<b>Ordinary profit</b>	<b>(779,966)</b>	<b>(3,131,255)</b>	<b>2,351,289</b>
Net Extraordinary components	-	-	-
<b>Pre - tax results</b>	<b>(779,966)</b>	<b>(3,131,255)</b>	<b>2,351,289</b>
Income taxes	(203,041)	(649,631)	446,590
<b>Net profit (loss)</b>	<b>(983,007)</b>	<b>(3,780,886)</b>	<b>2,797,879</b>



<b>Consolidated Net Financial Position</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Change</b>
Bank deposits	21,644,993	7,880,364	13,764,629
Cash at bank and in hand	2,449	2,420	29
Cheque	-	-	-
Treasury shares	-	-	-
<b>Cash and cash equivalents and treasury shares</b>	<b>21,647,442</b>	<b>7,882,784</b>	<b>13,764,657</b>
<b>Current financial assets</b>	<b>28,596</b>	<b>182,629</b>	<b>(154,033)</b>
Bonds and convertible bonds (within 12 months)	(909,100)	-	(909,100)
Payables for shareholder loans (within 12 months)	-	-	-
Payables due to banks (within 12 months)	(4,831,142)	(4,925,611)	94,470
Payables due to other lenders (within 12 months)	(153,077)	(733,731)	580,654
Advances for overseas payments	-	-	-
Short – term portion of loans	-	-	-
Financial receivables	-	-	-
<b>Short-term financial payables</b>	<b>(5,893,319)</b>	<b>(5,659,342)</b>	<b>(233,976)</b>
<b>Net short-term financial position</b>	<b>15,782,719</b>	<b>2,406,071</b>	<b>13,376,648</b>
Bonds and convertible bonds (over 12 months)	(9,090,900)	(5,000,000)	(4,090,900)
Payables for shareholder loans (over 12 months)	-	-	-
Payables due to banks (after 12 months)	(8,439,239)	(8,124,081)	(315,158)
Payables due to other lenders (after 12 months)	(1,057,872)	(1,686,596)	628,724
Advances for overseas payments	-	-	-
Long – term portion of loans	-	-	-
Financial receivables	-	-	-
<b>Net medium/long-term financial position</b>	<b>(18,588,011)</b>	<b>(14,810,677)</b>	<b>(3,777,334)</b>
<b>Net financial position</b>	<b>(2,805,291)</b>	<b>(12,404,606)</b>	<b>9,599,315</b>

Expert System S.p.A. Balance Sheet	31/12/2019	31/12/2018	Change
Net intangible assets	7,947,601	6,903,124	1,044,477
Net tangible assets	580,337	582,182	(1,845)
Equity investments and other non – current financial assets	33,574,842	31,646,478	1,928,364
<b>Fixed capital</b>	<b>42,102,780</b>	<b>39,131,784</b>	<b>2,970,996</b>
Short-term financial assets	-	4,775,574	(4,775,574)
Warehouse inventories	-	-	-
Trade receivables	13,650,700	9,766,201	3,884,500
Other receivables	11,572,275	8,666,223	2,906,052
Accrued income and prepaid expenses	235,783	413,459	(177,676)
<b>Short-term assets</b>	<b>25,458,758</b>	<b>23,621,457</b>	<b>1,837,301</b>
Trade Payables	(3,907,968)	(2,015,347)	(1,892,622)
Advance payments	(311,099)	(234,980)	(76,118)
Tax and social security payables	(1,111,606)	(1,201,166)	89,559
Other payables	(1,852,173)	(1,762,690)	(89,483)
Accrued expenses and deferred income	(1,311,895)	(908,668)	(403,227)
<b>Short-term liabilities</b>	<b>(8,494,741)</b>	<b>(6,122,851)</b>	<b>(2,371,890)</b>
<b>Net working capital</b>	<b>16,964,017</b>	<b>17,498,606</b>	<b>(534,589)</b>
Employee severance indemnity	(2,312,384)	(2,143,307)	(169,077)
Tax and social security payables	-	-	-
Accrued expenses and deferred income after 12 months	(2,362,899)	(2,141,052)	(221,847)
Other medium and long – term liabilities	(575,440)	(456,248)	(119,191)
<b>Medium/long – term liabilities</b>	<b>(5,250,722)</b>	<b>(4,740,607)</b>	<b>(510,115)</b>
<b>INVESTED CAPITAL</b>	<b>53,816,074</b>	<b>51,889,782</b>	<b>1,926,292</b>
Shareholders' equity	(48,446,737)	(38,754,162)	(9,692,575)
Net medium/long – term financial position	(17,919,628)	(13,642,341)	(4,277,287)
Net short – term financial position	12,550,290	506,720	12,043,570
<b>OWN EQUITY AND NET FINANCIAL DEBT</b>	<b>(53,816,074)</b>	<b>(51,889,782)</b>	<b>(1,926,292)</b>

Expert System S.p.A. Income Statement	31/12/2019	31/12/2018	Change
Net revenue	20,641,036	18,977,922	1,663,114
Inventory change	-	(39,209)	39,209
Own work capitalized	4,331,302	3,101,046	1,230,255
Other income	1,249,854	1,073,091	176,763
<b>Production value</b>	<b>26,222,191</b>	<b>23,112,850</b>	<b>3,109,341</b>
External operating costs	(11,610,034)	(8,275,135)	(3,334,899)
<b>Economic value added (EVA)</b>	<b>14,612,157</b>	<b>14,837,715</b>	<b>(225,558)</b>
Cost of labor	(9,070,444)	(8,024,616)	(1,045,828)
<b>EBITDA</b>	<b>5,541,713</b>	<b>6,813,099</b>	<b>(1,271,386)</b>
Amortization, depreciation and other provisions	(4,781,697)	(4,541,857)	(239,840)
<b>Net operating profit</b>	<b>760,016</b>	<b>2,271,242</b>	<b>(1,511,226)</b>
Financial income and expenses	2,159,599	199,380	1,960,219
<b>Ordinary profit</b>	<b>2,919,615</b>	<b>2,470,622</b>	<b>448,993</b>
Net Extraordinary components	-	-	-
<b>Pre - tax results</b>	<b>2,919,615</b>	<b>2,470,622</b>	<b>448,993</b>
Income taxes	(305,274)	(885,833)	580,559
<b>Net profit (loss)</b>	<b>2,614,341</b>	<b>1,584,789</b>	<b>1,029,552</b>

Expert System S.p.A. Net Financial Position	31/12/2019	31/12/2018	Change
Bank deposits	18,408,703	5,550,033	12,858,671
Cash at bank and in hand	2,200	2,144	56
Treasury shares	-	-	-
<b>Cash and cash equivalents and treasury shares</b>	<b>18,410,903</b>	<b>5,552,177</b>	<b>12,858,726</b>
<b>Current financial assets</b>	<b>8,400</b>	<b>8,400</b>	<b>0</b>
Bonds and convertible bonds (within 12 months)	(909,100)	-	(909,100)
Payables for shareholder loans (within 12 months)	-	-	-
Payables due to banks (within 12 months)	(4,831,142)	(4,925,611)	94,470
Payables due to other lenders (within 12 months)	(128,771)	(128,245)	(526)
Advances for overseas payments	-	-	-
Short – term portion of loans	-	-	-
Financial receivables	-	-	-
<b>Short-term financial payables</b>	<b>(5,869,013)</b>	<b>(5,053,856)</b>	<b>(815,156)</b>
<b>Net short-term financial position</b>	<b>12,550,290</b>	<b>506,720</b>	<b>12,043,570</b>
Bonds and convertible bonds (over 12 months)	(9,090,900)	(5,000,000)	(4,090,900)
Payables for shareholder loans (over 12 months)	-	-	-
Payables due to banks (after 12 months)	(8,439,239)	(8,124,081)	(315,158)
Payables due to other lenders (after 12 months)	(389,489)	(518,260)	128,771
Advances for overseas payments	-	-	-
Long – term portion of loans	-	-	-
Financial receivables	-	-	-
<b>Net medium/long-term financial position</b>	<b>(17,919,628)</b>	<b>(13,642,341)</b>	<b>(4,277,287)</b>
<b>Net financial position</b>	<b>(5,369,337)</b>	<b>(13,135,621)</b>	<b>7,766,283</b>

Fine Comunicato n.20040-11

Numero di Pagine: 15