



# SPAFID CONNECT

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Societa' : EXPERT SYSTEM S.P.A.

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Nome utilizzatore : EXPERTSYSTN02 - Francesca Spaggiari

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Oggetto : Shareholders' Meeting Approves Financial Results for FY 2019 and Appoints New Board of Directors and Board of Statutory Auditors

*Testo del comunicato*

Vedi allegato.



## **Expert System: Shareholders' Meeting Approves Financial Results for FY 2019 and Appoints New Board of Directors and Board of Statutory Auditors**

*The 2020-2023 Stock Grant and Stock Option plans approved to support the growth targets of the "Path to Lead" Strategic Plan*

**Modena, June 29, 2020**

The ordinary and extraordinary Shareholders Meeting of [Expert System](#), a leading company in the Artificial Intelligence market, met today to approve the 2019 Financial Statements, renew the BoD and the Board of Statutory Auditors, approve the 2020-2023 Stock Grant and Stock Option Plans and related Capital Increase as an integral part of the Company's development in support of the new 2020-2024 Strategic Plan. The 2020-2024 "Path to Lead" Strategic Plan will be presented by top management in the virtual event to be held on 3 July, 2020, at 12.00 pm CEST.

### **ORDINARY GENERAL MEETING**

#### **Approval of the Financial Statements as of 31 December, 2019**

The Shareholders' Assembly evaluated the consolidated Financial Statements and approved the Financial Statements for the year that ended on 31 December, 2019.

#### **Main consolidated economic and financial results as of 31 December, 2019**

**Revenue from sales** (net of the change in inventories) amount to € 31.6 million, an increase of 10.1% compared to € 28.7 million as of 31 December, 2018. 61% of revenues are represented by licenses and maintenance, 36% by professional services and 3% by a residual share of other services. The foreign component of revenues is 54%, of which 24% in the US market and 30% in Europe. **Value of Production** grew by 12%, to € 39.7 million, compared to € 35.5 million in 2018. The **EBITDA** amounts to € 5.5 million (+ 17.7% compared to € 4.6 million in 2018) with an **EBITDA margin** of 17.3%. The **EBIT** is still negative, amounting to € 2.9 million, an improvement on the negative result of € 3.2 million in 2018. The **Net Result** is negative, amounting to € 1.0 million, though a significant improvement compared to the negative result of € 3.8 million in the previous year. The **Net Financial Position** amounts to € 2.8 million, a strong improvement compared to the NFP of € 12.4 million as of 31 December, 2018.

### **Main economic and financial results of Expert System S.p.A. as of 31 December, 2019**

**Revenue from sales** (net of the change in inventories) amounted to € 20.6 million (€ 19.0 million in 2018). The **Value of Production** was € 26.2 million (€ 23.1 million in 2018). The **EBITDA** amounted to € 5.5 million (€ 6.8 million in 2018). The **EBIT** amounted to € 0.8 million (€ 2.3 million in 2018). The **Net result** amounted to € 2.6 million (€ 1.6 million in 2018). The **Net Financial Position** amounted to € 5.4 million (€ 13.1 million in 2018).

### **Destination of the operating result**

The Shareholders' Assembly resolved to proceed with the allocation of the profit for the year of Expert System SpA, equal to € 2,614,340.99, to increase the legal reserve for € 8,314.08, as well as the extraordinary reserve for € 2,606,026.91.

### **Appointment of the Board of Directors**

The Assembly resolved to appoint 8 members to the Board of Directors, which will remain in office in the 2020 period, namely, until the approval of the Financial Statements as of 31 December, 2020. Upon completion of the voting procedure, the Board of Directors comprises the following members:

- Stefano Spaggiari (Chair)
- Marco Varone (Director)
- Walter Lloyd Mayo III (Director)
- Sara Polatti (Director)
- Ettore Leale (Director)
- Karen Jo Cambray (Director) (\*)
- Alberto Sangiovanni Vincentelli (Independent Director)
- Stefano Pedrini (Independent Director)

(\*) Karen Jo Cambray is appointed Director with a deferred term on July 15, 2020

### **Appointment of the Board of Statutory Auditors**

The Shareholders' Assembly appointed the Board of Statutory Auditors, who will remain in office for one year, namely until the approval of the Financial Statements as of 31 December, 2020. Upon completion of the voting procedure, the Board of Statutory Auditors comprises the following members:

- Patrizia Arioli (Chair)

- Daniele Ponte (Statutory Auditor)
- Federico Bacchiega (Statutory Auditor)
- Francesco Ferracini (Alternate Auditor)
- Matteo Luppi (Alternate Auditor)

#### **Approval of the “2020-2023 Stock Grant Plan”**

The Shareholders’ Assembly approved the **“2020-2023 Stock Grant Plan”** (or “SG Plan”) intended for employees of Expert System S.p.A. and its subsidiaries (the “SG Beneficiaries”). In particular, the new 2020-2023 Stock Grant plan is a useful and suitable tool for promoting attraction and retention policies aimed to retain core personnel and to attract new highly qualified professionals to support the implementation of the objectives of the 2020-2024 Strategic Plan approved by the Board of Directors on 9 June, 2020. The SG Plan does not replace the previous stock grant plan, called the “2018-2020 Stock Grant Plan”, which, therefore, remains in force. The goal of the SG Plan is to allocate free of charge 3,200,000 rights to receive from the Company, free of charge as well, ordinary Expert System shares (in a 1:1 ratio), whose payment date is contingent upon the achievement of certain objectives, both in terms of business and personal performance goals, established by the Board of Directors. Ordinary Expert System shares assigned pursuant to the SG Plan will be subject to lock-up for 90 days from the date of assignment.

#### **Approval of the “2020-2023 Stock Option Plan”**

The Shareholders’ Assembly approved the **“2020-2023 Stock Option Plan”** (or “SO Plan”) intended for employees of Expert System and its subsidiaries, members of the Board of Directors, and collaborators and consultants of Expert System and Group companies (the “SO Beneficiaries”). Like the SG Plan, the SO Plan as well is a useful and suitable tool for promoting attraction and retention policies aimed to retain core personnel and to attract new highly qualified professionals to support the implementation of the objectives of the 2020-2024 Strategic Plan. The SO Plan does not replace the previous stock option plan, called the “2018-2020 Stock Option Plan”, which, therefore, remains in force. The goal of the SO Plan is to allocate free of charge 1,800,000 conditional option rights to subscribe, at a previously established price, ordinary Expert System shares (in a 1:1 ratio), whose payment date is contingent upon the achievement of certain objectives, both in terms of business and personal performance goals, as established in each case for each SO Beneficiary. Ordinary Expert System shares assigned pursuant to the SO Plan will be subject to lock-up for 90 days from the date of assignment.

For additional information on today's resolutions, see also the press release dated 9 June, 2020, as well as the Directors' Explanatory Notes made available for today's Shareholders' Meeting.

## **SPECIAL GENERAL MEETING**

### **Conferment of proxy powers to the Board of Directors for the purpose of increasing the share capital and issuing convertible bonds**

The Shareholders' Assembly resolved to confer proxy powers to the Board of Directors, pursuant to Articles 2443 and 2420-ter of the Italian Civil Code, for the purpose of increasing the share capital and issuing convertible bonds, once or more times, including with the exclusion of the option right pursuant to Art. 2441, paragraph 5, of the Italian Civil Code, within five years from the relative resolution, or up to a maximum total amount, including any surcharge, of Euro 25,000,000 (the proxy powers, as a whole, apply to a capital share increase and to the issuance of bonds). The Proxy powers, as conferred, allows obtaining advantages in terms of flexibility and timeliness of execution, thus timely seizing the most favourable conditions for the completion of recapitalisation operations.

### **Share capital increase to service the "2020 - 2023 Stock Grant Plan"**

The Shareholders' Assembly approved the free share capital increase in support of the "2020 - 2023 Stock Grant Plan", pursuant to Art. 2349 of the Italian Civil Code, once or more times, up to a maximum amount of € 32,000, with the issuance of no more than 3,200,000 new ordinary shares with no par value. The free capital increase will take place through the use of the "extraordinary reserve" for a maximum of € 4.6 million.

### **Share capital increase to service the "2020 - 2023 Stock Option Plan"**

The Shareholders' Assembly approved the share capital increase against payment, in support of the "2020 - 2023 Stock Option Plan", pursuant to Art. 2349 of the Italian Civil Code, once or more times, up to a maximum amount of Euro 3,708,000 through the issuance of no more than 1,800,000 Options valid for the subscription of no more than 1,800,000 ordinary shares with no par value. The newly issued shares will be offered for subscription to SO Beneficiaries at a price (the so-called "strike price"), of 2.06 determined as the weighted average of the last three months of the value of the security at market close as of 25 June 2020 ( day preceding the Shareholders' Meeting) applying a discount of 25%, for each newly issued share (with € Euro 0.01 to be allocated to the share capital and 2.05 to paid-in capital). The strike price is higher than the equity value of Expert System shares, equal to Euro 1.21 per share, based on the results of the financial statements as at 31 December 2019.



**Revocation for any unused proxy powers conferred to the Board of Directors on 18 April, 2019, for the purpose of increasing the share capital and issuing convertible bonds**

The proxy powers conferred upon the Board of Directors on 18 April, 2019, for the purpose of increasing the share capital and issuing convertible bonds was successfully exercised, also with the exclusion of the option right pursuant to Art. 2441, paragraph 5, of the Italian Civil Code, for a total amount of € 9,999,999.90 (compared to the maximum limit of € 10,000,000.00); the Shareholders' Meeting resolved to revoke the aforementioned proxy powers, as it pertains to the small unused amount (equal to € 0.10), thereafter approving the consequent modification of Article 5 of the Articles of Association.

**Proposal to amend article 5 (Share capital) of the Articles of Association**

Following the approval of the provisions of items 1, 2, 3 and 4 of the agenda of the Special Shareholders' Meeting, the Board of Directors deemed it appropriate to take the opportunity to review Article 5 of the current Articles of Association of the Company, with the goal of removing references to previous resolutions that are no longer executable.

**DOCUMENT FILING**

The minutes of the Shareholders' Meeting and the summary report of the votes will be made available to the public on the Company's Website [www.expertsystem.com/it](http://www.expertsystem.com/it) in the terms and in the manner provided by current legislation.

Registration is required to attend the Virtual Event "Path to Lead" Strategic Plan 2020-2024.  
Sign up at <https://attendee.gotowebinar.com/register/7678685051367602448?source=PD>

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

**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 humanlike 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.

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Expert System

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