



Expert System: the Board of Directors approves the '2018-2020 Stock Grant Plan', the '2018-2020 Stock Option Plan' and proposes the nomination of a new independent director. Ordinary and extraordinary sessions of the Shareholders' Meeting called.

Modena, 04 June 2018

The Board of Directors of [Expert System](#), a leading company on the *Artificial Intelligence* market, listed on the AIM Italia market, organised and managed by Borsa Italiana, which met today, decided on the following points:

- Approval of the '2018-2020 Stock Grant Plan' aimed at employees of Expert System and its subsidiaries, with the resulting proposal for a free increase of the capital to €8,000, giving a maximum of 800,000 new ordinary shares;
- Approval of the '2018-2020 Stock Option Plan' aimed at members of the Board of Directors, employees, agents and consultants of Expert System and its subsidiaries, with the resulting proposal for a paid increase of the capital, on a divisible basis and excluding option rights, to €1,260,000, giving a maximum of 1,200,000 new ordinary shares;
- Proposal to nominate a new independent director, thus raising the number of members of the Board of Directors from 7 to 8;
- Convening an ordinary and extraordinary session of the Shareholders' Meeting on 10 July at 09:30 at first call and, if necessary, the 11 July at second call, to decide on the aforementioned points.

'2018-2020 Stock Grant Plan'

The '2018-2020 Stock Grant Plan' is aimed at the employees of Expert System and its subsidiaries and provides for the allocation to the beneficiaries, free of charge, of a maximum 800,000 rights to receive, also free of charge, ordinary shares of the Issuer (at a ratio of 1:1), entitlement to which is subject to the achievement of specific performance and/or personal objectives in each of the three financial years closing 31 December 2018, 2019 and 2020, respectively.

The '2018-2020 Stock Grant Plan' represents a significant loyalty-building tool to reward employees and ensure the interests of the staff are in line with those of the shareholders over the medium to long term, as well as a way of attracting new, highly-qualified professional figures. The Plan offers additional remuneration/bonuses for company staff through the use of components which, linked to the trend of the stock exchange value of Expert System shares, may serve to reward and boost the loyalty of the said professional figures, using an approach that reflects the best market practices. In accordance with article 2349 of the Italian Civil Code, a free increase of the share capital is envisaged, up to a maximum amount of €8,000, through the issuing of a maximum of 800,000 new



ordinary shares without nominal value, to be used for the '2018-2020 Stock Grant Plan'. The free increase in capital requires the use of an available reserve, which was identified by the Board of Directors as the Expert System 'extraordinary reserve', of an amount totalling €832,000. The Expert System ordinary shares allocated in accordance with the '2018-2020 Stock Grant Plan' will be subject to a lock-up of 90 days from the date of assignment.

The Plan, based on the allocation of ordinary shares generated by a free capital increase achieved by drawing on the Company's available reserves, entails a diluting effect of 2.19% on the Expert System share capital and its shareholders on the date of approval of the Plan.

The '2016-2020 Temis Stock Grant Plan', approved by the Shareholders' Meeting on 28 June 2016, remains in effect, involving the free allocation of a maximum of 1,000,000 rights to receive from the Company, also free of charge, Expert System ordinary shares in 3 tranches assigned after one, two and three years, respectively, from the date of approval of the Plan. The aforementioned initiative was considered appropriate, following the completion of the acquisition of Temis S.A. by Expert System, to focus the attention of certain Temis employees and managers on factors of strategic interest for the Group post-acquisition. The hypothesised plan of full allocation of the residual shares entails a dilution of around 1%.

'2018-2020 Stock Option Plan'

The '2018-2020 Stock Option Plan' is aimed at members of the Board of Directors, employees, agents and consultants of Expert System and its subsidiaries and envisages the free allocation of 1,200,000 option rights conditional on subscribing, at a price agreed beforehand, Expert System ordinary shares (at a ratio of 1:1). The entitlement to the option rights is subject to the achievement of specific objectives, both performance and personal, set from time to time for each beneficiary. Options will be assigned on a personal basis and are non-transferable.

In accordance with article 2441, paragraph 5 of the Italian Civil Code, an increase of the share capital against payment is envisaged, on a divisible basis and excluding option rights, up to a maximum amount of €1,260,000, through the issuing of a maximum of 1,200,000 new ordinary shares without nominal value, to be used for the '2018-2020 Stock Option Plan'.

The '2018-2020 Stock Option Plan', like the '2018-2020 Stock Grant Plan', is structured into 3 allocating periods corresponding to the next three Expert System financial years. For each period, each beneficiary must achieve performance and/or personal objectives, which will be determined by the Board of Directors at the time of allocation of the options.

The Expert System ordinary shares subscribed in accordance with the '2018-2020 Stock Option Plan' will be subject to a lock-up of 90 days from the date when the said shares are credited.



In line with common practice on financial markets, the '2018-2020 Stock Option Plan' represents a tool for rewarding, attracting and building the loyalty of the aforementioned beneficiaries and is aimed at ensuring direct involvement in the value creation process by parties who contribute to the Group's growth and development, as well as to align the interests of parties that may be strategic for the Company, by orienting key company resources towards strategies aimed at achieving medium- to long-term results.

The SO Plan is thus essentially in line with the '2018-2020 Stock Option Plan' decided upon by the Shareholders' Meeting on 29 June 2015, which provides for the allocation of a maximum of 1,250,000 options. In this regard, it should be noted that, as part of the 2015-2019 plan, the Board of Directors assigned only 297,000 options and the remaining 953,000 options may no longer be allocated since the assignment tranches envisaged in the plan regulations have been exhausted.

The SO Plan, should the maximum of 1,200,000 shares be issued, will involve a diluting effect of 3.25% of the share capital of Expert System and its shareholders on the date of approval of the Plan. The Board of Directors has thus decided to modify article 5 (Share Capital) of the Articles of Association.

Nomination of a new director vested with the independence requirements

The Board of Directors of Expert System has proposed the nomination of Stefano Pedrini as the new director in possession of the independence requirements pursuant to art. 147-ter of Italian Legislative Decree no. 58/98 (TUF), thus raising the number of members of the Board of Directors from 7 to 8.

Since 2016, Stefano Pedrini has been a contract professor of Economics and Planning Organisation at the Politecnico University of Turin and, since 2012, of Economics and Corporate Organisation at the University of Bergamo (Faculty of Engineering). He also works with the Politecnico University of Milan as an external lecturer. He has conducted research into corporate strategy, finance and game theory with Italian and international publications. During his professional career, Stefano has often handled, as executive consultant or CFO, the development of economic and financial strategies for companies in various sectors, both listed on the stock exchange and regulated (as is the case for aviation), and unregulated. He has accrued specific expertise in company valuations and corporate finance thanks to considerable experience in mergers and acquisitions and the acquisitions of blocks of shares on the Italian stock market. Since 2015, he has provided consultancy activities in terms of liquidation and bankruptcy proceedings for the Court of Brescia. He is currently serving as a temporary CFO or director for various Italian companies in activities linked with the valuation or transformation of businesses, the issuing of mini-bonds and M&A agreements. Stefano graduated with honours in Management Engineering from the University of Bergamo and has a doctorate in research in Economics and Technology Management from the University of Bergamo in cooperation with the Politecnico University of Turin.



Based on what was communicated to the Company, Stefano Pedrini does not hold any Expert System ordinary shares.

Other issues

Moreover, it should be noted that the Shareholders' Meeting will be called upon to discuss the topics included on the agenda for the extraordinary session convened for 23/24 April 2018, which were not discussed due to the meeting's not being quorate, namely:

1. Proposal to modify articles 11 (shareholders' meeting), 13 (chairmanship of the meeting, conducting the meeting), 15 (board of directors), 16 (chairman of the board of directors), 17 (calling board meetings and resolutions) and 20 (remuneration of directors) of the Articles of Association;
2. Revocation of the unused part of the delegation assigned to the Board of Directors through a decision of the Shareholders' Meeting dated 07 July 2017 to increase the share capital and issue convertible bonds, pursuant to arts. 2443 and 2420-ter of the Italian Civil Code and modification of art. 5 of the Articles of Association.

Convening the Shareholders' Meeting

The shareholders are hereby summoned to an ordinary and extraordinary session of the Shareholders' Meeting, at the Company offices in Modena, at Viale Virgilio 48/H, on Tuesday 10 July 2018 at 09:30 at first call and, if necessary, Wednesday 11 July 2018, at the same place and time, at second call, to discuss and decide on the following points.

Ordinary session:

1. Increasing the number of members of the administrative body from 7 to 8, with the resulting nomination of a further member who satisfies the independence requirements. Decisions concerning the compensation paid to the administrative body. Contingent resolutions;
2. Approval of the stock grant plan entitled '2018-2020 Stock Grant Plan', aimed at employees of Expert System S.p.A. and its subsidiaries. Contingent resolutions;
3. Approval of the stock grant plan entitled '2018-2020 Stock Option Plan', aimed at members of the Board of Directors, agents and consultants of Expert System S.p.A. and its subsidiaries. Contingent resolutions.

Extraordinary session:

1. Proposal to modify articles 11 (shareholders' meeting), 13 (chairmanship of the meeting, conducting the meeting), 15 (board of directors), 16 (chairman of the board of directors), 17 (calling board meetings and resolutions) and 20 (remuneration of directors) of the Articles of Association;
2. Revocation of the unused part of the delegation assigned to the Board of Directors through a decision of the Shareholders' Meeting dated 07 July 2017 to increase the share capital and issue convertible bonds, pursuant to arts. 2443 and 2420-ter of the Italian Civil Code and modification of art. 5 of the Articles of Association;



3. Free share capital increase, in accordance with art. 2349 of the Italian Civil Code, in one or more stages, up to a maximum amount of €8,000.00 (eight thousand Euro), through the issuing of a maximum of 800,000 (eight hundred thousand) ordinary shares with no indication of express nominal value, for the stock grant plan entitled '2018-2020 Stock Grant Plan' aimed at employees of Expert System S.p.A. and companies controlled by it. Amendment of art. 5 of the Articles of Association. Contingent resolutions;
4. Paid capital increase, in one or more stages and with the exclusion of option rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, up to a maximum amount (including surcharge) of €1,260,000.00 (one million two hundred and sixty thousand Euro), through the issuing of a maximum of 1,200,000 (one million two hundred thousand) new ordinary shares without nominal value, for the stock option plan entitled '2018-2020 Stock Option Plan' aimed at members of the board of directors, agents and consultants of Expert System S.p.A. and the companies controlled by it. Amendment of art. 5 of the Articles of Association. Contingent resolutions.

This press release, the regulations for the '2018-2020 Stock Grant Plan', the regulations for the '2018-2020 Stock Option Plan' and the curriculum vitae of Stefano Pedrini are available in the Investor Relations section on the Expert System website (<http://www.expertsystem.com/it/investor-relations/>).

Expert System

Market leader in cognitive computing and text analytics, Expert System offers the most innovative artificial intelligence solutions for the automation of processes and the management of information. Through Cogito® technology, based on the combination of semantic understanding and machine learning, we can ensure our partners and clients acquire strategic expertise to accelerate decision-making processes and maximise ROI: from customer care to compliance, from the management of risk profiles to security and intelligence. Some of the Group's main clients, with offices in Italy, France, Spain, Germany, the UK, the USA and Canada, both companies and governmental organisations, include: Zurich Group, Lloyd's of London, Intesa Sanpaolo, Chevron, the Eni Group, the United States Department of Agriculture and Department of Justice, the French Ministry of the Interior and Ministry of the Economy and Finance, Wolters Kluwer, Ely Lilly, Sanofi etc. The company has been listed on the AIM market at Borsa Italiana since 2014 (EXSY:MIL).

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Expert System

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