



## **EXPERT SYSTEM & TEMIS: Acquisition will create the world's largest company specializing in semantic technology for cognitive computing**

### **Agreement signed for the 100% acquisition of TEMIS, a French leader in text analytics solutions**

- Enterprise value of the transaction is €12 million
- Acquisition extends Expert System presence on all major Western markets
- International management team strengthened with manager-shareholders
- Closing expected by June 2015

**Modena, May 27, 2015:** Expert System, the leader in semantic technology for the effective management of unstructured information, announced today that it has signed a binding agreement for the acquisition of 100% of TEMIS, a French leader in text analytics solutions with offices in Germany, the UK, the US and Canada.

The acquisition of TEMIS represents a key milestone in Expert System's internationalization and growth strategy . It unites two companies with highly complementary businesses to lead the cognitive computing market and to help both private companies and government organizations to analyze, correlate and exploit the wealth of knowledge available to them, especially unstructured information.

With this acquisition, Expert System will have a significant competitive advantage on all Western markets: the United States, Great Britain, Italy, France, Germany, Spain, Canada and Switzerland.

*"With the acquisition of TEMIS, we will be a leading group focused on the development of semantic technology and based on artificial intelligence algorithms with a total production value of greater than €20 million, that has doubled the size of its business since its listing on the Italian stock exchange just 15 months ago," said **Stefano Spaggiari, CEO, Expert System**. "Today, intelligent solutions for information management are an absolute necessity. It is estimated that more than 85% of all relevant business information is contained in presentations, reports, documents, emails, and posts and comments on web pages. Organizations increasingly need more intelligent solutions that allow them to fully exploit the potential of so-called Big Data that contains both structured and unstructured information, to obtain real-time information needed for better decision making. Combining Cogito® with TEMIS' Luxid ® platform will not only strengthen our offering, but will position us as the only global player that companies can trust for exploiting the unlimited wealth of available data to maintain a competitive advantage."*

*“TEMIS’s vision has been to enable organizations to efficiently exploit their unstructured content,” said Eric Bregand, CEO of TEMIS. “Expert System shares the same ambition, so joining forces will enable us to leverage tremendous technological complementarity and geographical scale to ultimately accelerate our ability to deliver on this common vision.”*

From a technology point of view, the acquisition of TEMIS is an excellent opportunity for confirming the advantages of semantic intelligence, and is consistent with the company’s commitment to R&D, giving new impetus to innovation and the continuous process of strengthening the patented Cogito platform.

### **About TEMIS**

TEMIS, founded in 2000, uses the Luxid® proprietary technology. Its customers include major corporations such as BASF, BNP Paribas, Volkswagen, Bayer Schering Pharma, Novartis, Sanofi, Agence France Presse, Thomson Reuters, The McGraw-Hill Companies, Editions Lefebvre-Sarrut, Elsevier, EMC, Bloomberg BNA, international organizations such as OECD (Organisation for Economic Cooperation and Development), the French government agency Invest in France Agency and institutions such as the U.S. Department of Agriculture.

In 2014 (preliminary data), TEMIS reported revenues of approximately €8.2 million (€7.1 million in 2013), EBITDA of € 0.4 (€ -0.7 million in 2013), Net Profit of €0.4 (€-0.9 million in 2013) and Net Financial Position of €0.1 million. With this transaction, the TEMIS management team will be integrated into the Expert System Group and will become shareholders of Expert System. This operation is considered a significant transaction according to Article 12 of AIM Italia Issuers’ Regulations.

### **Transaction value and reserved capital increase**

The enterprise value of the acquisition is €12 million (equivalent to 1.5 times anticipated 2014 revenues). The equity value of the company (estimated at €11 million and subject to adjustment) will be paid to the shareholders of TEMIS(i) partly in cash, for a value of approximately €4 million, of which €3 million at closing and €1 million over the next 3 years, and (ii) partly (approximately €7 million) through newly issued ordinary shares of Expert System shares. The approval of the capital increase, (which will be executed without the right of option under Article 2441, paragraph 5 of the Italian Civil Code limited to TEMIS shareholders), was proposed by the Board of Directors, which met today, to the Expert System Shareholders’ meeting, which will take place by June 30, 2015.

By virtue of the aforementioned capital increase, current TEMIS shareholders will hold a total interest in the share capital of Expert System amounting to approximately 12.4%, of which about 5.5% will be held by Luxid S.A. (TEMIS’ main shareholder), making it the relevant shareholder according to AIM Italia Issuer’s Regulations.

TEMIS' shareholders agreed to transfer restrictions on the newly-issued Expert System shares, for a period of 90 to 180 days.

### **Additional information**

In the interest of Expert System, the closing of the TEMIS acquisition—which is subject to certain condition precedents—is expected to take place immediately after the above-mentioned Shareholder's meeting and no later than June 30, 2015.

Expert System's Board of Directors also reviewed the explanatory report prepared by the Directors according to Article 2241, paragraph 6 of the Italian Civil Code. It should also be noted that, given the structure of the acquisition and the capital increase described above, the Board used a report that estimated the market value of TEMIS to December 31, 2014. This report was conducted by a leading independent expert according to the principles, criteria and methods as provided in Article 2343 *ter*, paragraph 2, letter b) of the Italian Civil Code.

Consistent with this report, the subscription price of the new shares proposed at today's Board meeting is €2.25 per share (inclusive of a share premium of €2.24), which was calculated based on the weighted average market price of the previous 90 days.

In addition, the Board of Directors today approved a medium- to long-term incentive plan for TEMIS managers and employees in support of Expert System Group growth. With a maximum total of €2 million, the 2015-2020 Stock Grant Plan will be submitted for approval at the previously mentioned Shareholders' meeting.

This plan, which is subject to completion of the TEMIS acquisition, will be implemented (i) partly through the free allocation of a number of Company shares, acquired or to be acquired by the Company, and (ii) partly through a free capital increase as allowed by Article 2349 of the Italian Civil Code, to be decided by the Board upon delegation of the Shareholders' meeting mentioned above. As part of this capital increase, a maximum of 730,000 Expert System shares will be issued.

In line with initiating a medium- to long-term incentive plan for the Expert System Group, in addition to the plan approved at the January 9, 2014 Shareholders' Meeting, the Board has approved the (text) of the 2015-2019 Stock Option plan. The plan will be submitted at the upcoming Shareholders' Meeting, also for their authorization of a capital increase for the issue of a maximum of 1,250,000 Expert System shares.

Expert System was assisted by Klecha & Co. as financial advisor, and law firms Teynier Pic (French Law) and Clifford Chance (Italian Law).

TEMIS was assisted by Aelios Finance as financial advisor, and law firms Gloaguen & Associés and Ravion, Gallas Associés (French Law) and MCMAVvocati (Italian Law).

This press release is available on the website [www.expertsystem.com](http://www.expertsystem.com).