

# 2020 RESULTS

Setting the stage for accelerated growth...



# 2020: big changes, strategic execution

## STRATEGIC PLAN

*the reference platform for AI language understanding*



### SaaS

**€100MM** in  
SaaS-based revenue  
in **2024**



### US

Primary growth driver  
and **~60%** of revenue  
in **2024**



### Scale First

Through **“sales+growth”**  
model and partners  
(channel & technology)

# Highlights: transformation and growth in all strategic focus areas

Strengthened  
business from

**C-level**

through

**frontline**

SaaS revenue

**+8% YoY**

US corp. revenue

**+39% YoY**

Partner revenue

**+32% YoY**

**Lowlights** – overall revenue -8% (€2.7MM) driven by perpetual license decline

## Y/Y and Path To Lead Compares

Year ended 31 Dec	2019 €/m	2020 €/m	Δ
<b>Total revenues</b>	<b>33.7</b>	<b>30.6</b>	<b>-9%</b>
<b>Total costs</b>	<b>(28.2)</b>	<b>(32.5)</b>	<b>15%</b>
COGS	(11.0)	(11.8)	8%
S&M	(8.6)	(11.7)	36%
G&A	(8.6)	(8.9)	4%
<b>EBITDA</b>	<b>5.5</b>	<b>(1.9)</b>	
<b>EBIT</b>	<b>(2.9)</b>	<b>(9.5)</b>	
<b>Net Result</b>	<b>(1.0)</b>	<b>(5.4)</b>	
<b>Net Financial Position</b>	<b>2.8</b>	<b>(20.9)</b>	<b>(23.7)</b>
<b>Shareholder's Equity</b>	<b>20.9</b>	<b>44.6</b>	<b>23.7</b>

Path to Lead	PTL 2020	ACT 2020	Δ
<b>Total Revenues</b>	<b>33.3</b>	<b>30.6</b>	<b>-8%</b>
Revenues ROW	27.8	25.2	-9%
Revenues US	5.5	5.5	0%
<b>EBITDA</b>	<b>2.1</b>	<b>(1.9)</b>	

### COMMENTARY

- Revenues decrease in perpetual driven mainly by Covid impact in government Defense & Intelligence sector
- Cost increase driven by US sales & marketing investment
- Strong Net Financial Position through **€28.2M** capital increase August 2020 & proceeds from **€5.4M** CY4Gate stake June 2020
- Cash & cash equivalents equal to **€54.0M** vs. **€21.7M** in 2019

## Strong shift to **recurring revenue**

Revenue stream	FY 2019	%	FY 2020	%	Var	Var %
<b>Recurring revenues</b>	<b>15.4</b>	<b>46%</b>	<b>15.5</b>	<b>51%</b>	<b>0.1</b>	<b>1%</b>
Subscription	10.5	31%	11.3	37%	0.8	8%
Maintenance	4.9	15%	4.2	14%	(0.7)	-15%
<b>Perpetual license</b>	<b>3.4</b>	<b>10%</b>	<b>1.3</b>	<b>4%</b>	<b>(2.0)</b>	<b>-60%</b>
<b>Professional Services</b>	<b>11.3</b>	<b>34%</b>	<b>10.7</b>	<b>35%</b>	<b>(0.6)</b>	<b>-5%</b>
<b>*Other</b>	<b>3.6</b>	<b>11%</b>	<b>3.1</b>	<b>10%</b>	<b>(0.5)</b>	<b>-15%</b>
<b>TOTAL REVENUES</b>	<b>33.7</b>		<b>30.6</b>		<b>(3.1)</b>	<b>-9%</b>

*\*Other inclusive of Hosting, Grants and Other*

### COMMENTARY

- Subscription plus maintenance more than **half of total revenue**
- Subscription revenue
  - **89%** of total license revenue vs. **76%** in 2019
  - **44% (€4.9M)** new customer revenue
- Maintenance to subscription **~€0.4MM**
- Revenues decrease in perpetual and professional services
- Channel revenue of **€4.0M**, or **~14%** of overall

# North America growth accelerates...

**Revenue**  
**+39% YoY**  
and on track  
to PTL

**NA comprises**  
**20%**  
Of global revenue  
vs. **13% in 2019**

**New customers**  
**comprise**  
**52%**  
of total revenue

**Subscription**  
**60%**  
Of total revenue

**22%**  
**Of maintenance**  
**revenue** converted  
to subscription

**Major new**  
**customer wins**  


**58%**  
**Headcount**  
**growth**  
in US

# Scale **partner growth**



## 2020 Highlights

- Partner revenue + 32% YoY and 14% of total revenue vs. 9.5% in 2019
- ~ 80 total deals
- Strong partnerships with key players...Accenture, Deloitte, Capgemini, Atos and Regional Partners
- New deals with vertical BPOs and VARs



## Training & Certification

- YoY results:
  - Rookies > 2x
  - PRO partners > 4x
  - Rookie to PRO conversion rate 2x increase
- 85 PRO Certified – able to independently design and implement projects for clients.

# From EBITDA to Net Results:

2020 vs. 2019

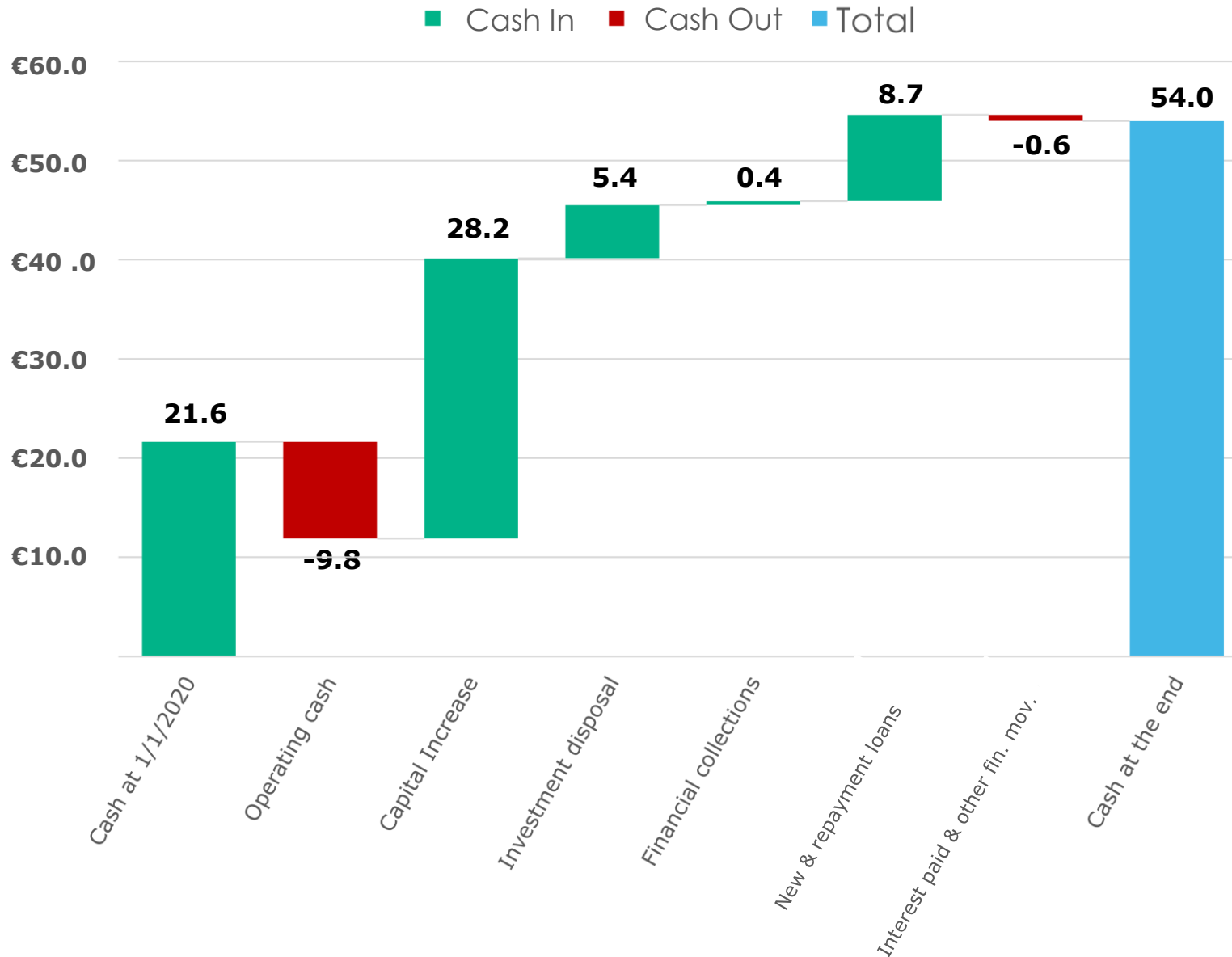
## COMMENTARY

Year ended 31 December	2019 €/m	2020 €/m	Δ
<b>EBITDA</b>	<b>5.5</b>	<b>(1.9)</b>	<b>(7.4)</b>
Amortization of Intangible Assets	(8.1)	(7.3)	0.8
Amortization of Tangible Assets	(0.2)	(0.2)	0.0
Depreciation	(0.0)	(0.1)	(0.1)
<b>EBIT</b>	<b>(2.9)</b>	<b>(9.5)</b>	<b>(6.6)</b>
Financial Income/(Expense)	(0.6)	(0.5)	0.1
Exch. Gains / (Losses) unrealized	0.4	(1.6)	(2.0)
Capital gain from disposal	2.2	5.1	2.9
<b>Results before Taxes</b>	<b>(0.8)</b>	<b>(6.4)</b>	<b>(5.6)</b>
Taxes	(0.2)	0.9	1.2
<b>Net Result</b>	<b>(1.0)</b>	<b>(5.4)</b>	<b>(4.4)</b>

- Amortization mainly R&D costs (**€5.1M in 2019 and €5.8M in 2020**); net decrease with end of amortization of consolidation difference resulting from acquisitions
- Capital gain **+€2.9M**
- **€5.1M** capital gain from CY4Gate
- **€2.2M** in 2019 from Admantx SpA
- Unrealized exchange loss of (**€1.6M**) related to €/€ exchange rate impacting intercompany exposure



## CASH FLOW JAN-DEC 2020



### COMMENTARY

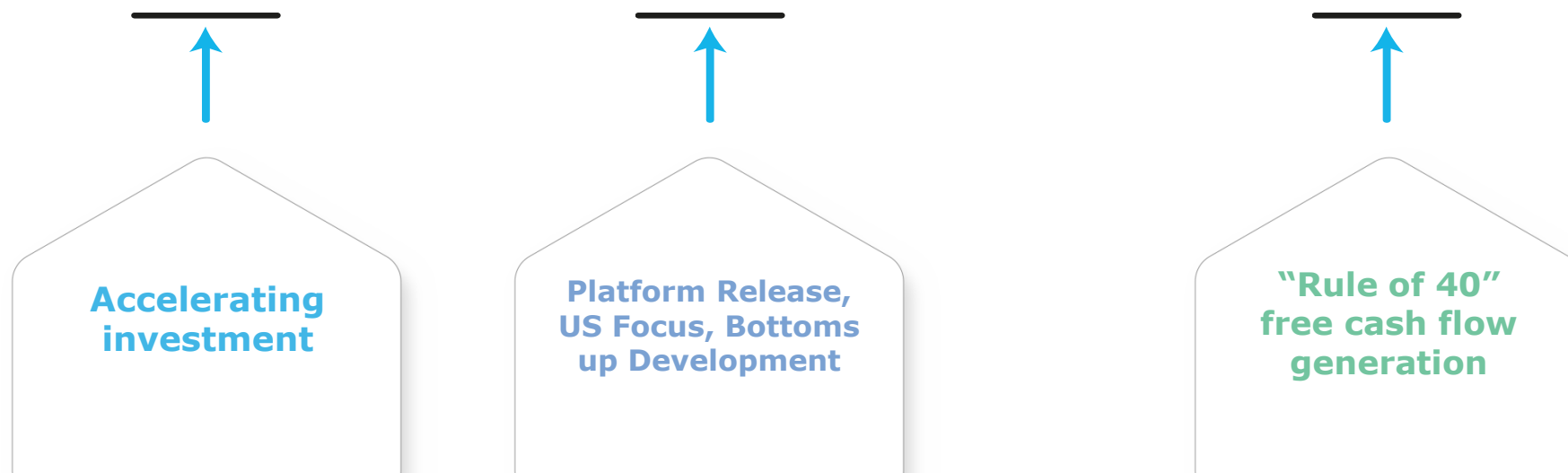
- Overall cash position increased **€32M** over the course of the year, driven by growth capital raise and loans
- 2020 operating cash burn at **-€9.8M**
- 2020 end cash position of **€54.0M**
- On track to expected **2021 cash consumption**, but will consider accelerated investment

# Building momentum **throughout 2020**



# Path to Lead

	2020	2021	2022	2023	2024
	Setting the Stage	Ramping Growth		Rule of 40 & Platform Leadership	
<b>Total revenues</b>	<b>30.6</b>	<b>34</b>	<b>48</b>	<b>68</b>	<b>100</b>
YoY Growth		12.9%	38.4%	43.6%	45.8%
<b>EBITDA</b>		<b>(5)</b>	<b>(0.4)</b>	<b>9</b>	<b>22</b>



# 2021 focus



## Scale First

Value direct core verticals

Channel/Technology

Sales + Growth model



## Product Leadership

NL API

Platform



## Agile Execution

Fast, focused, bold

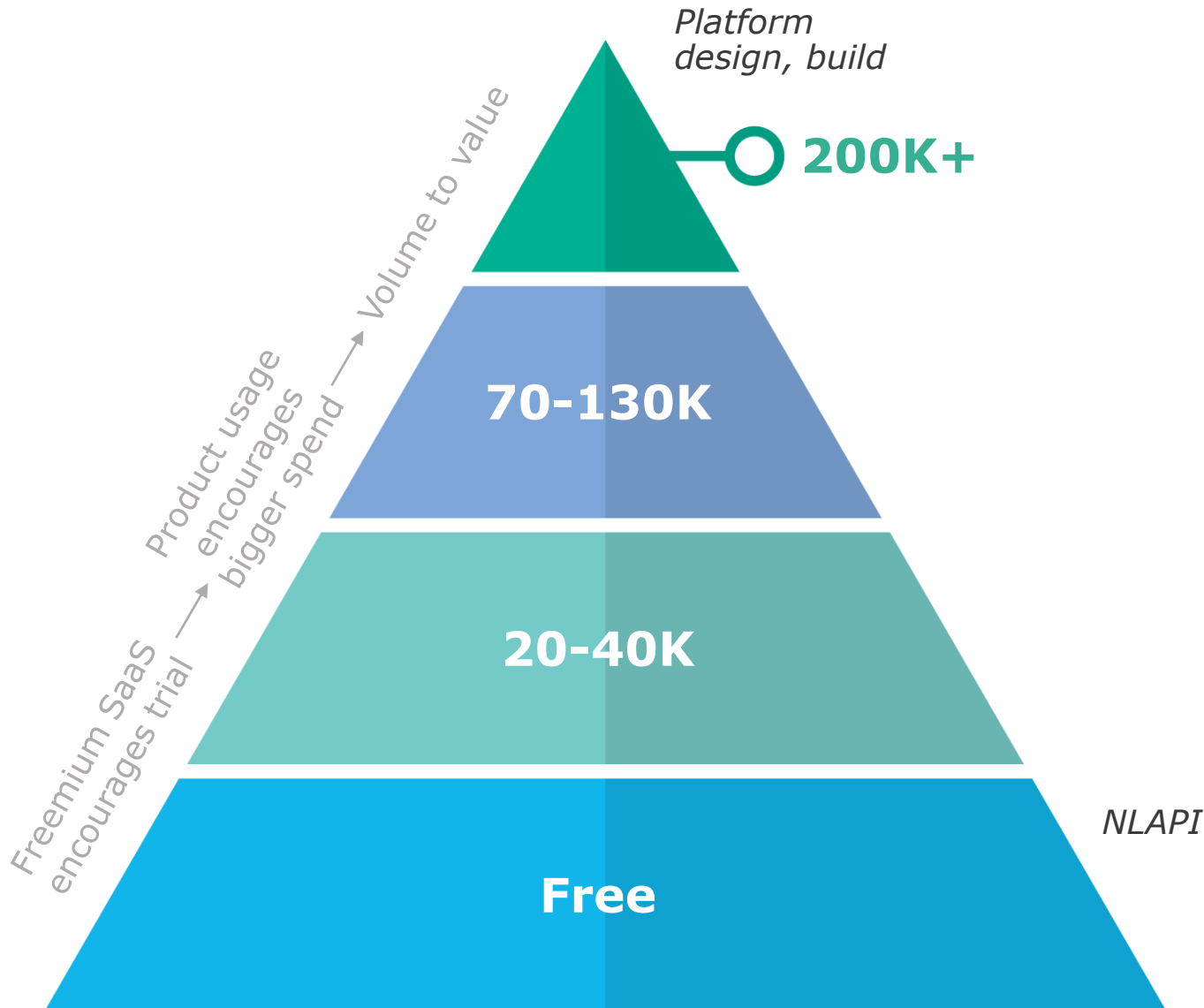


## Team of Teams

Team above self



# Sales + growth



## COMMENTARY

- **Sales** – top-down vertical focus
- Growth bottoms up
- Expanding to **developers** seeking deep language understanding capability
- **600+** NL API registrations
- **197** unique users
- **1,004** participants in Hackathon
- 1st paid NLAPI user with **€40k ACV**
- Community leader started **3/8**
- Community platform launched **3/15**

# State of AI



## Gartner

*2021 Strategic Roadmap for  
Enterprise AI: Natural Language  
Architecture*

Enterprises must shift from  
**tactical to strategic use of  
Natural language...using  
composite AI.**



## Gary Marcus

*The Next Decade in AI*

...**knowledge-driven,  
reasoning-based  
approach**...provide the  
substrate for a richer, more  
**robust AI than is  
currently possible.**



## Simple & Efficient NLP

*Sponsored by GOOG*

...recent research efforts  
have...failed to identify sources  
of empirical gains in models,  
often failing to...**justify the  
model complexity beyond  
benchmark performance.**



# State of AI



## Neurips 2020

*Sponsored by AMZN*

ML comes with several drawbacks, **such as the need for large amounts of training data and the lack of explainability.**



## Judea Pearl

*Turan Award winner*

AI systems based only on amassing and blindly processing large volumes of data are **doomed to fail.**



## Yeijin Choi

*University of Washington*

**...we cannot just get there by making the tallest building in the world taller.** Therefore, GPT-4, -5, or -6 may not cut it.





## Accuracy on the task

This is often the main KPI considered by data-scientists.

Accuracy on datasets is obviously an important evaluation criteria!

**But...**

Each time, a **different combination of these factors** is key for a project success.

**Scalability**

**Latency when used in production**

**Robustness to data scarcity**

**Explainability / Interpretability**

**Robustness to noisy data**

**Document fidelity**

**Deployability**

**Use case applicability**

**Robustness to "real-world variations" of data distribution**

**Accountability Full-control "Human in The Loop"**

**Computational cost or "Carbon Footprint" in train & inference**



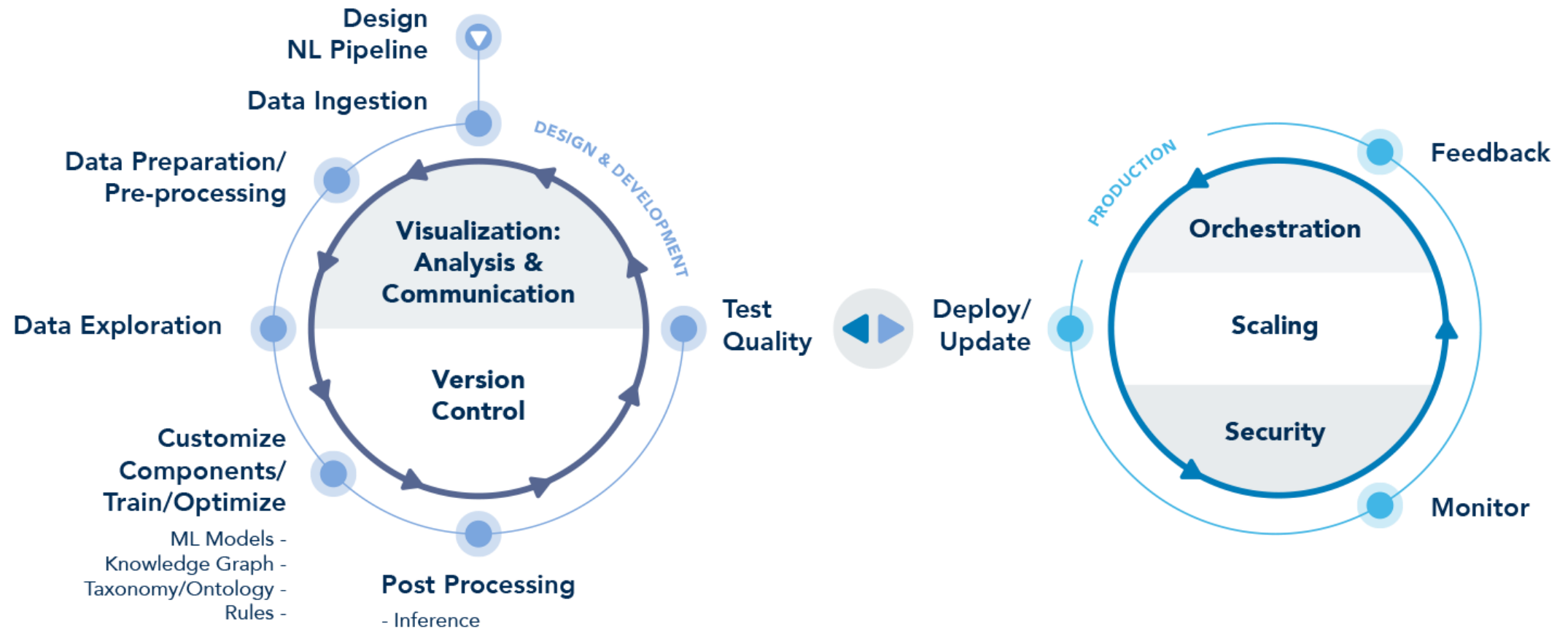
## Defining a category...



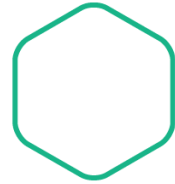
### COMMENTARY

- New category: full platform for **NLU**
- Focus on **unstructured language data**
- End to end platform to power language understanding in **any application or process across any domain**

# expert.ai platform



# New market messaging



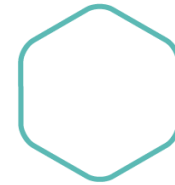
make everyone expert at what they do

understand text  
like experts

unlock the value of language

## language is data

transform language  
into knowledge



mimic expert reasoning

expert.ai  
for the expert enterprise

human in the loop

hybridNL

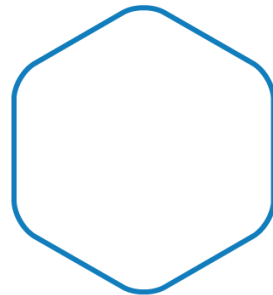
scale your  
experts

power language understanding  
in any application

no experiments,  
just results

provide expertise  
at scale

AI is software



# The Time is **Now**

**Market  
moment**

**Huge  
opportunity**

**Unique  
competitive  
advantage**

**Team  
to win**