

Artificial Solutions

Q1 2020



TODAY'S PRESENTERS



Lawrence Flynn
CEO



Chris Bushnell
CFO

A CONVERSATIONAL AI PIONEER

- The world's most advanced, Enterprise Conversational AI platform – Teneo
- 110 staff (incl. ~50 AI, ML and linguistic experts)
- HQ in Stockholm, 12 offices
- Teneo available in 36 languages, Teneo Developers in 7
- Founded in 2001 and listed on First North Growth Market in Q1 2019

Global Blue-Chip Clients



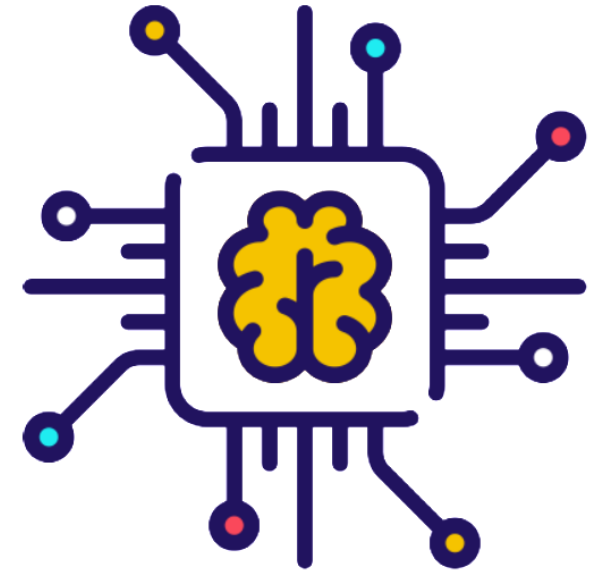
Strategic Partners



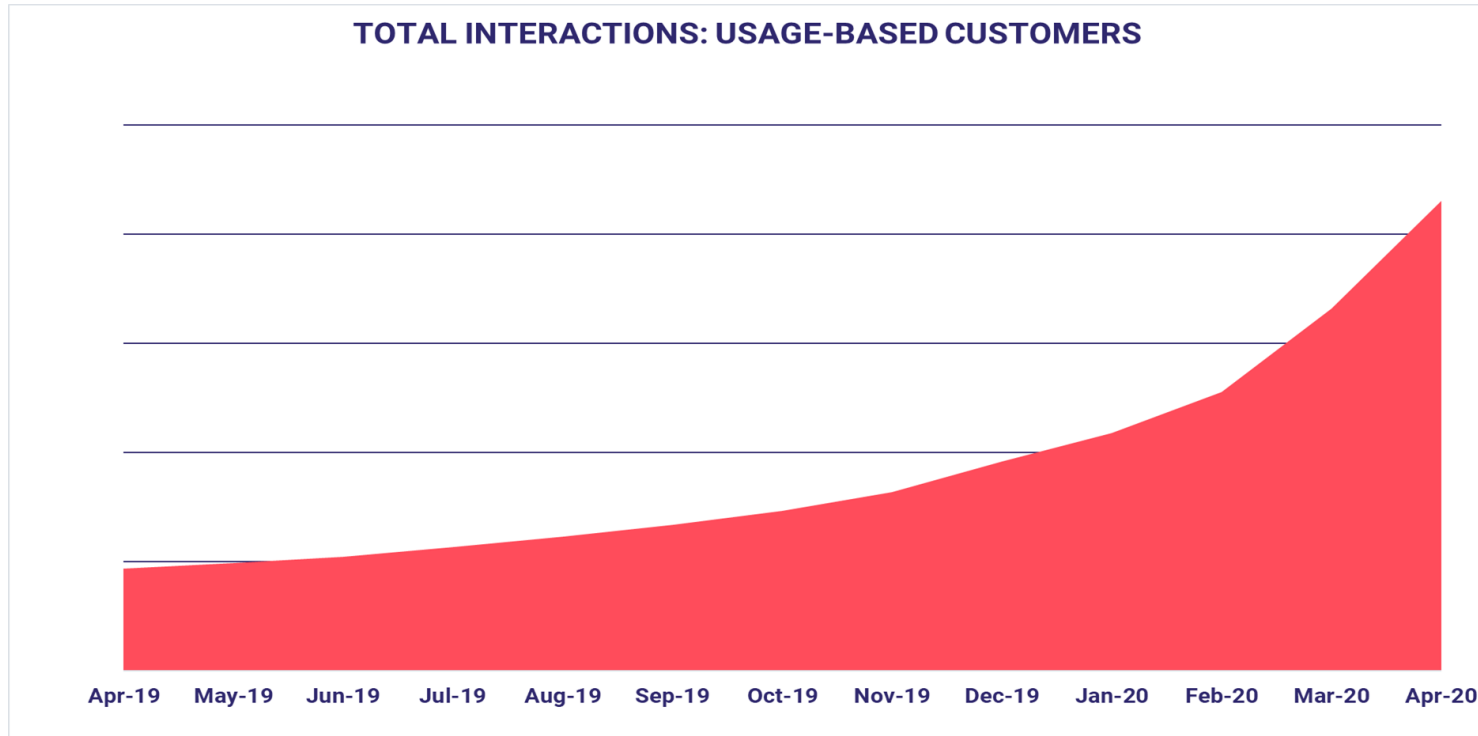
QUARTER 1: KEY FIGURES

STRONG GROWTH AND SOLID PROGRESS ON KEY INDICATORS

- Order Intake up to 19.5 MSEK (16.8) - Partners 82% of OI
- Order Backlog increased to 56.3 MSEK (40.8), with the largest growth in the highest Gross Margin types
 - License and Usage Backlog increases by 53% and now 76% of Backlog (69%)
- Revenue up to 15.3 MSEK (12.6)
- Gross Margin up to 60% (50)
- License and Usage revenue 9.1MSEK (5.3) an increase of 72%
- Adjusted EBITDA was -25.1 MSEK (-27.7)



12 MONTHS USAGE - TOTAL INTERACTIONS



- Numbers normalised to interactions – not revenue
- Excludes older customers not on usage-based contracts
- Annualised growth rate to end March 2020, 551%
- Q4 2019 to Q12020 growth 91%

QUARTER 1: HIGHLIGHTS

- Swisscom extend their commitment with a 10.6 MSEK three-year agreement
- Two new clients signed; a large Scandinavian financial company and a global management consultancy
- A number of pilot implementations signed last year currently under way
- Partnership with Babel and CSG, both leading Systems Integrators, and UiPath a leading Robotic Process Automation provider
- Launch of Tiva, an artificially intelligent virtual assistant, as a direct reaction of the Covid-19 crisis
- 100% fully subscribed right issue

“Recent successes provide a strong endorsement of our high-margin license and usage fees-oriented business strategy”

COVID-19 IMPACT AND MEASURES

- Steps taken to maximise cash resources - estimated at 1.8 MEUR
 - Deferred expenditure of rents and taxes
 - Short term work-allowances
 - Pay deferral for Management, Board and other staff
- Offices closed in March, our customers continued to utilize our products and services without any appreciable change
- Presented some short-term challenges, to which we have responded, but, importantly, presents an opportunity for mid-term acceleration.

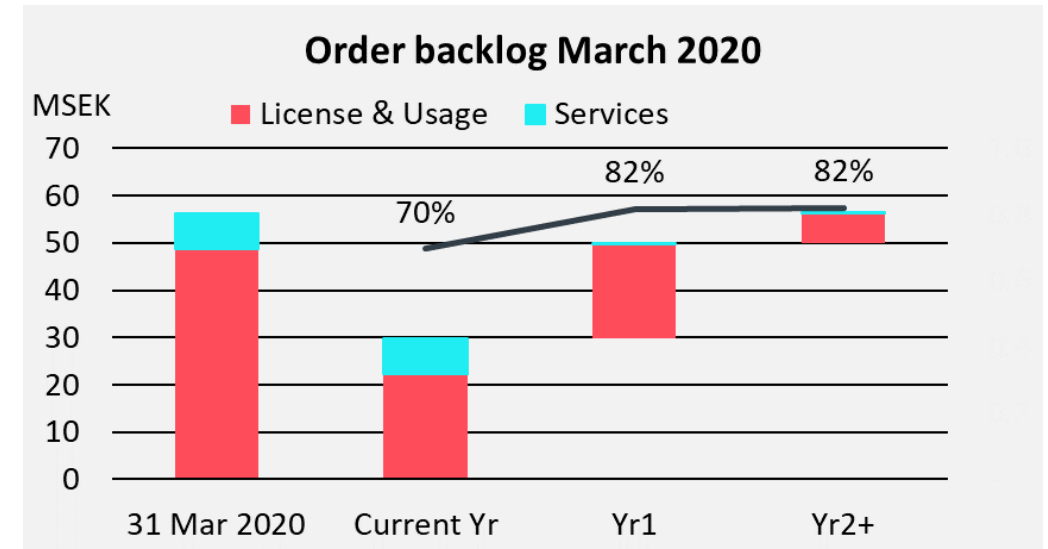
KEY FIGURES

MSEK	Jan-Mar 2020	Jan-Mar 2019
Order Intake	19.5	16.8
Order Backlog	56.4	40.8
Net Sales	15.3	12.6
Gross Margin %	60	50
EBITDA	-25.1	-31.8
Adjusted EBITDA	-25.1	-27.7
Operating loss	-34.3	-56.9
<i>Adjusted Operating loss</i>	-34.3	-30.7
Earnings per share, SEK	-0.7	-2.7
Equity ratio	-1.1	-1.6

- Order Backlog up to 56.4 MSEK (40.8)
- Net Sales totaling 15.3 MSEK (12.6)
- Gross Margin up to 60% from 50%, due to continued change in revenue mix
- Adjusted EBITDA at -25.1 MSEK (-27.7)

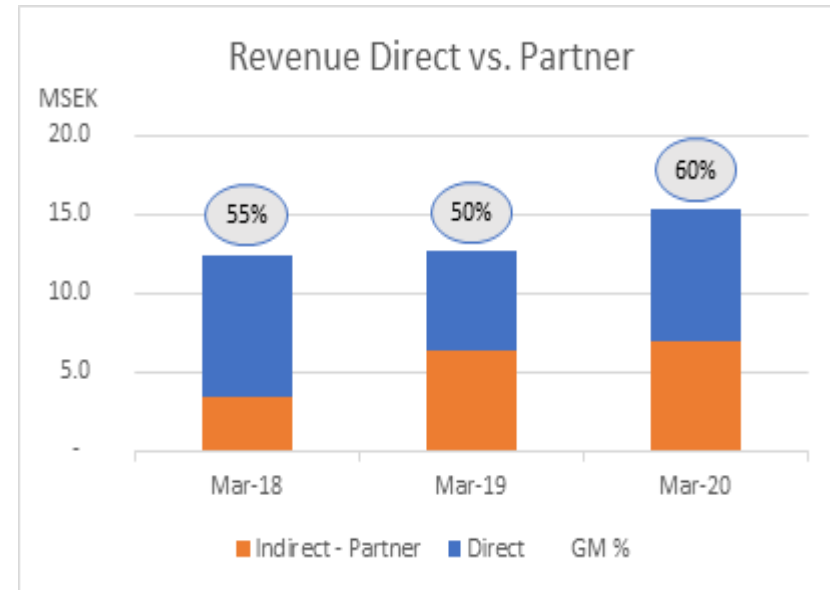
Q1 ORDER INTAKE AND ORDER BACKLOG

- Order Intake increased to 19.5 MSEK (16.8)
- The overall value of Backlog has increased by 38% to 56.3 MSEK (40.8)
- More long-term commitments signed
 - 47% of total Order Backlog expected to be delivered in 2021 and beyond
- Mix in revenue elements improves profitability and the overall profitability increases over the life of an agreement



STRONGER PARTNER LED BUSINESS MODEL

- Increased gross profit and higher margins
 - Partners focus on lower margin Professional Services
 - Company focus on higher margin license and usage revenues
- Revenues through our Partners in Q1 was at 45% (50)
- Orders by value coming from Partners in Q1 at 82% (63% Q4 2019)
- The partner share is expected to increase in upcoming years
- Direct sales will still support order intake going forward



accenture

Capgemini

Deloitte

swisscom

Cognizant

CSG

SAPIENT
RAZORFISH

Teleperformance
each interaction matters

NIIT

KPMG

nexmo

UiPath

blueprism

NEW MARKET GUIDANCE



Order intake on medium and long term shall grow in excess of NLP market

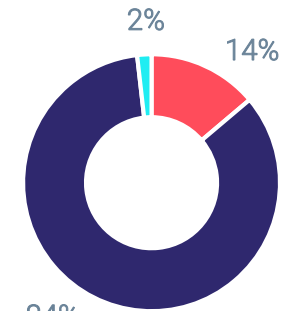


Gross margin above 70 per cent as from 2020



Positive cash flows from operations as from 2020

Uncertainties of the Covid-19 crisis, both positive and negative, are too difficult to accurately quantify at this stage



Usage predicted to exceed 80% of all Teneo revenue in 2022



FINANCIAL CALENDAR

Annual Report 2019

27 May 2020

AGM 2020

17 June 2020

Interim Report Q2 2020

30 July 2020

Interim Report Q3 2020

29 October 2020

Year-end Report 2020

4 February 2021



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Q&A