

Artificial Solutions

Q2 2019



TODAY'S PRESENTERS



Lawrence Flynn
CEO



Chris Bushnell
CFO

A CONVERSATIONAL AI PIONEER

- The world's most advanced, Enterprise Conversational AI platform – Teneo
- Multiple verticals, multiple platforms, 35 languages
- 106 staff (incl. 52 AI, ML and linguistic experts)
- HQ in Stockholm, offices in 8 countries
- Founded in 2001 and listed on First North in Q1 2019

Global Blue-Chip Clients



Strategic Partners



Q2 2019 IN BRIEF

- Strong Order Intake growth of 200% and Order Backlog of 79%, building future revenue momentum
- Net Sales increase by 10% on previous year
- Sharp increase in Usage Revenue, up 121%
- Increasing percentage of Revenues delivered through Partners, 34% compared to 25% in Q2 2018
- Gross Margin grew from 46% to 60% in the quarter



Q2 2019 IN BRIEF

- Several new clients signed across multiple verticals and geographies
 - Telecommunication, Banking & Finance, Motor manufacturer, US government, Retail and IT...
- Increased and extended contract with several existing clients
- New significant Partners signed, Swisscom
- Positive response following launch of Teneo Fusion in Q1
- New funding secured raising 65.7 MSEK, registered in July



Q2 2019 KEY FIGURES

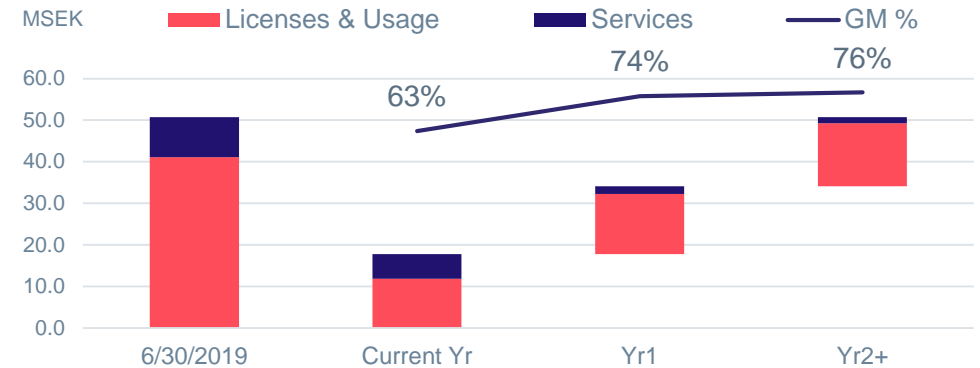
MSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full Year 2018
Order Intake	22.8	7.6	39.6	27.8	55.4
Order Backlog	50.7	28.4	50.7	28.4	35.2
Net Sales	12.6	11.4	25.3	23.8	44.9
Gross Margin %	60%	46%	55%	51%	45%
EBITDA	-29.9	-23.5	-61.7	-44.4	-100.3
Adjusted EBITDA	-27.7	-23.5	-55.3	-44.4	-100.3
Operating loss	-33.1	-31.0	-90.0	-59.1	-118.8
<i>Adjusted Operating loss</i>	-30.8	-31.0	-61.5	-59.1	-118.8
Earnings per share, SEK	-2.0	n/a	-4.7	n/a	n/a
Equity ratio	1.3	2.4	1.3	2.4	0.8

- Strong Order Intake and Backlog, up 200% and 79%
- Net Sales totaling 12.6 MSEK
- Gross Margin up to 60% due to change in revenue mix
- Operating expenses impacted by RTO transaction costs of 2.3 MSEK
- Planned increase in personnel costs due to a change in mix of staff and new hires
- Adjusted operating loss at -30.8 MSEK

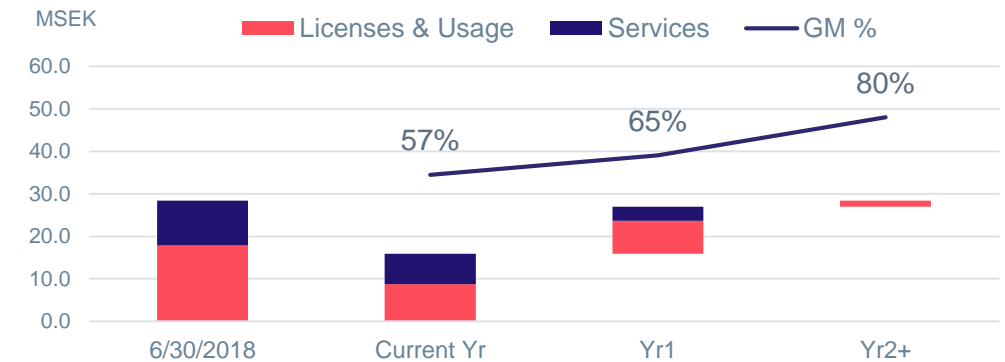
STRONG ORDER BACKLOG SUPPORTS FUTURE GROWTH

- Overall value of Order Backlog up 79% year-on-year
- Customers making longer-term commitments
 - 33% of total Order Backlog expected to be delivered in year 2 and beyond
- Focus on License and Usage improves profitability
- The overall profitability increases over the life of an agreement

Order Backlog & Gross Margin 30 June 2019

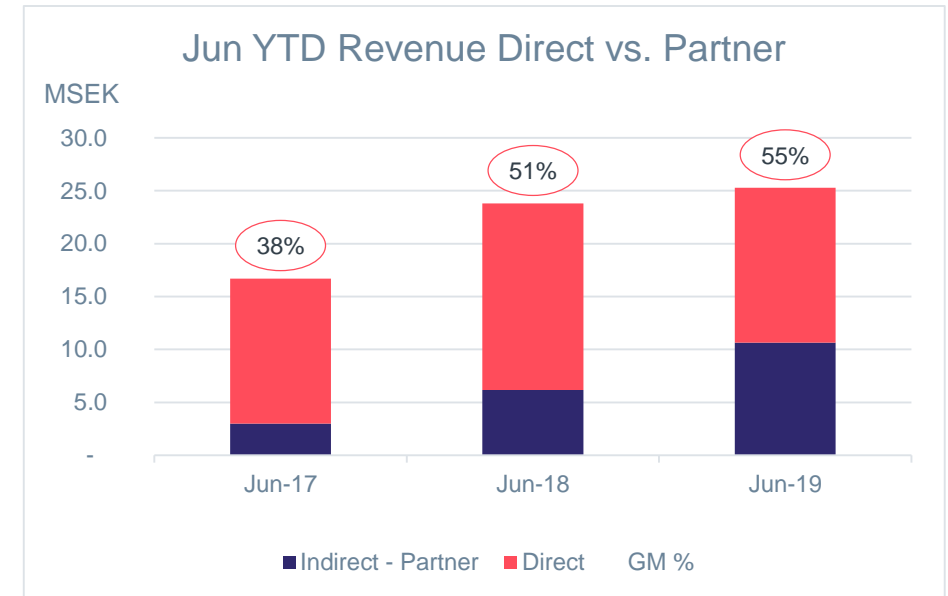


Order Backlog & Gross Margin 30 June 2018



SHIFT TO 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, up by 72% June YTD
- Gross Margin increases to 60%



NIIT

KPMG

accenture
High performance. Delivered.

Capgemini
CONSULTING. TECHNOLOGY. OUTSOURCING

Cognizant

SAPIENT
RAZORFISH

Deloitte.

swisscom

SUCCESSFUL LAUNCH OF TENEIO FUSION

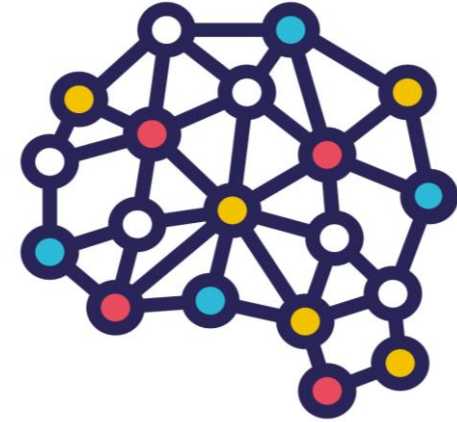
A “clear blue water” market differentiator in terms of global reach and product and technology scalability.

- Very positive initial response after launch in Q1
- Facilitates business scalability
- Evidence of shorter sales cycles
- New languages and functionality added in Q2

fusion
teneio

NEW FUNDING SECURED

- Successful completion of a directed share issue
- 2,736,847 new shares and 65.7 MSEK raised
- Registered in July; hence, not reflected in the Q2 Balance Sheet
- The funds derived will be used to cover operating deficit and provide funding for further growth



FINANCIAL TARGETS



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

PROVING THE BUSINESS MODEL

- Order Intake growth of 200% in quarter
- Order Backlog increases by 79% builds revenue momentum
- Focus on License and Usage revenue drives Gross Margin growth to 60%
- Positive Cash flows will follow as business grows

FINANCIAL CALENDAR

Interim Report for the third quarter

14 November 2019

Interim Report for the fourth quarter

27 February 2020



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Q&A