

# QUARTERLY REPORT JANUARY TO MARCH 2020

## STRONG GROWTH AND SOLID PROGRESS ON KEY INDICATORS

### JANUARY TO MARCH 2020

- Order Intake was 19.5 MSEK (16.8)
- Order Backlog increased to 56.3 MSEK (40.8)
- Net Sales totalled 15.3 MSEK (12.6)
- Gross Margin increased to 60% (50)
- Usage Revenue increased to 26% (12)
- Adjusted EBITDA was -25.1 MSEK (-27.7)
- Earnings per share -0.7 SEK (-2.7)

### EVENTS DURING THE QUARTER

- The Rights Issue raising a total of 120.5 MSEK was fully subscribed with the issue of 18.5 M shares
- Swisscom extended their commitment with a 10.6 MSEK three-year agreement
- Signed two additional new customers, a large Scandinavian financial company & a global management consultancy
- Partnerships announced with [Babel](#) and [CSG](#), both leading Systems Integrators
- Took steps to maximize cash resources during Covid-19 lockdown period

### EVENTS AFTER THE QUARTER

- Launched Tiva, an artificially intelligent virtual assistant to allow organizations to rapidly deploy automated HR and IT support to employees working remotely due to the COVID19 pandemic.
- Partnership announced with UiPath a leading Robotic Process Automation provider

## KEY FIGURES

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Order Intake	19.5	16.8	62.7
Order Backlog	56.4	40.8	49.9
Net Sales	15.3	12.6	49.1
Gross Margin %	60%	50%	61%
Adjusted EBITDA	-25.1	-27.7	-112.8
Partner Revenue %	45%	50%	45%
Earnings per share, SEK	-0.7	-2.7	-7.4
Cashflow from Operations	-18.3	-32.7	-144.4

(For definitions please see page 17)

## CEO STATEMENT



**Lawrence Flynn**  
CEO

The first quarter of 2020 has shown strong growth against the same quarter last year in a number of key indicators and our revenue mix continues to move towards the more profitable License and Usage. This is all the more gratifying in the context of the global Covid-19 crisis.

### Q1 INDICATORS

I was delighted that during the first quarter we were able to advise the market that our existing customer, Swisscom, had extended their existing agreement with us for a further three years, worth a minimum of 10.6MSEK. This agreement covers both their Customer Service and Smart TV solutions. The agreement coincided with Swisscom taking their TV solution live and, during Q1, we saw their usage successfully grow from less than 5,000 sessions a day to more than 50,000 a day!

This success follows last quarters expansion at a USA telecoms provider, where they expanded their solution to their entire broadband customer base. I believe these together provide a very strong endorsement of our high – margin license and usage fees-oriented business strategy. I look forward to seeing a number of other pilot implementations which we signed last year, and are currently under way, developing into full deployments with the associated increases in revenue.

We also closed another two new name accounts in Q1, this time a Swedish financial institution and a global consulting company with an internal HR project. The first agreement was concluded right at the very end of the quarter, when both companies had closed their offices and both parties signed the agreement whilst working remotely. I was much encouraged to be able to conclude new account business against the backdrop of the crisis and continue to see signs of similar activities in our market this quarter.

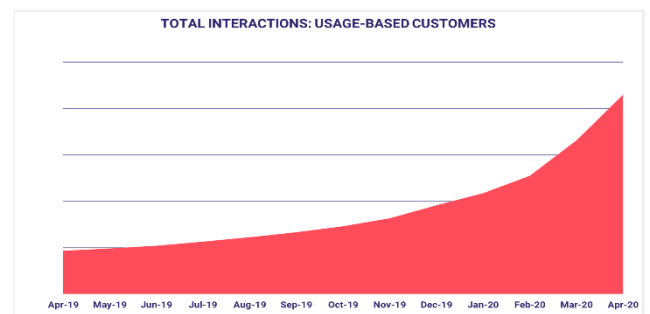
Driven by these and other success, our Usage Order Intake grew by 127% (7.6 MSEK) and Usage Revenue by 170% to (3.9 MSEK). For the first quarter ever Order Intake for Usage was the largest contributor ahead of licenses and services. License Order Intake grew 19% (7.6 MSEK) and License Revenue by 34% to (5.2 MSEK). All of which driving an increase in overall revenues compared to the same quarter last year of 21% to (15.3 MSEK). All very positive moves in the right direction.

Order backlog grew a healthy 38% with the largest growth in the highest Gross Margin types, Usage at 58% growth and Licenses at 51%.

### USAGE

Usage of Teneo solutions were positively impacted during the quarter both by more customer deployments coming on stream as planned and also, in certain cases, lockdown induced demand increases. Overall the growth in volumes from the same quarter last year is 46%, while quarterly growth from the previous quarter is 18%. Volumes from customers on our usage-based business model has seen an increase of 551% over the same quarter last year and the growth over the previous quarter is 91%.

This trend, indicated in the following chart including April 2020, is very encouraging.



## PARTNERS

Another key area of success in Q1 came from the continued Order Intake growth of our Partner channel where we continue to leverage their coverage and their expertise with 82% of orders by value (63% Q4 2019) received in the Quarter coming from our Partner channel.

Partners are a key element of our growth strategy as they provide access to executive level relationships across a huge customer base, a vast pool of professional services talent, existing projects, geographies where we have no “on the ground” representation and they help our customers to de-risk projects. During the quarter we added a number of key new partners to our portfolio, with both [Babel](#) and [CSG](#) as System Integrator partners and, importantly [Blue Prism](#), adding another market leading partner in the Business Process Automation space as a technology partner. After the end of the quarter, [UiPath](#) joined [Blue Prism](#) as a key partner in the Business Process Automation space.

## COVID-19 - THE IMPACT ON ARTIFICIAL SOLUTIONS

As a business, we are well used to leveraging technology for remote working. Therefore, when the decision was made to officially close our offices in March, we continued to function as normal and our customers continued to utilize our products and services without any appreciable change.

Almost immediately, we took steps to preserve our cash resources with a range of initiatives such as arranging the deferred expenditure on a wide spectrum of items including rents and taxes.

With people-related costs accounting for around 70% of our regular expenditure, we also made the strategic decision to furlough some staff supported by the various government support schemes available in the geographies in which we operate. In addition to furlough, many other staff have taken salary deferrals, including management, in order to manage workload and the company's sustainability.

At the time of writing, we have saved or deferred a total of c.19 MSEK, are not currently planning any redundancies and remain confident of the mid-term opportunities.

Industry commentators believe that, whilst there is likely to be a short-term slowdown on economies overall due to Covid-19, in the mid to long term, there is likely to be a positive “accelerator” impact on Artificial Solution's market, as CIOs plan and implement their future technology roadmaps. They will seek to maximize new opportunities as lockdowns soften, to benefit from greater automated customer interaction and to build resilience and sustainability of service into their business models.

I believe that the Teneo platform is ideally placed to deliver the combination of Conversational AI capabilities and enterprise features that CIOs will demand in a new world, learning to live with the impact of Covid-19.

## TIVA

As a direct reaction to the Covid-19 crisis we built and launched Tiva, a business-focused, artificially intelligent virtual assistant to allow public and private sector organizations to rapidly deploy much needed automated HR and IT support to employees working remotely due to the Covid-19 pandemic.

Free to existing customers, Tiva is designed specifically to help organizations cope with the bombardment of requests and queries from their employees forced to work from home at short notice.

Launched as recently as the 14 April, Tiva is already in use by customers and a number of Partners. It is an excellent demonstration of the power of the Teneo Platform and the speed and depth of function that can be deployed.

## NEW MARKET GUIDANCE

Given the uncertainties caused by the Covid-19 pandemic it is appropriate to review existing market guidance. The company remains confident it will achieve Order Intake growth in line with or in excess of its market in general. The company also remains confident that the company will achieve a run rate gross Margin of 70% by the end of the financial year. Similarly, the company also believes that Usage Revenues will exceed 80% of turnover by the end of 2022. However, in terms of cash flow positivity, the uncertainties of the Covid-19 crisis, both positive and negative, are too difficult to accurately quantify at this stage. As a result, we will continue to monitor the impact of the crisis and revisit this element of guidance with our second quarter earnings release.

## SUMMARY

The first quarter of 2020 has been both successful and extremely challenging. We have taken adequate steps to protect the Company during the crisis. The nature and timings of outcomes remains uncertain, however I firmly believe that as the initial phase of the Covid-19 crisis comes to an end, Conversational AI will have become a key component in many enterprise road maps, providing Artificial Solutions with an immense opportunity – an opportunity we are ready to capture.



**Lawrence Flynn**  
**CEO**

Reference:

Company Description can be found at: <https://www.artificial-solutions.com/investor-relations/as-company-description>

## THE CONVERSATIONAL AI MARKET

Conversational AI is a form of artificial intelligence (AI), which allows people to communicate with applications, websites and devices in everyday, humanlike, natural language via voice, text, touch or gesture input. There are three primary use cases for enterprise Conversational AI: customers, employees and devices.

Artificial Solutions supports these use cases through its award-winning software, Teneo®, which is an engaging and intuitive way for users to interact with technology. Fundamental to the success and impact of Conversational AI is the application's ability to capture and interpret conversational data to uncover 'the single voice of the customer', ultimately revealing what customers actually think.

According to International Data Corporation (IDC) Worldwide Semi-annual Cognitive Artificial Intelligence Systems Spending Guide, the spending on cognitive and AI systems will reach USD 77.6 billion in 2022, which is more than three times the USD 24 billion forecast for 2018. The compound annual growth rate (CAGR) for 2017-2022 forecast period is estimated to 37.3%. Software is expected to be both the largest and fastest growing technology category throughout the forecast, representing about 40% of all AI spending with a five-year CAGR of 43.1%. Two areas of focus for these investments are conversational AI applications and deep learning and machine learning applications.

Published market analyst predictions for market growth vary with a conservative outlook provided by MarketsandMarkets, who estimates that the global conversational AI market size will grow from USD 4.2 billion in 2019, to USD 15.7 billion by 2024, at a CAGR of 30.2% during 2019-2024. The major growth drivers for the market include the increasing demand for AI-powered customer support services, omni-channel deployment and reduced chatbot development cost.

According to Research and Markets, the virtual assistant market will grow at a CAGR of 38.82% between 2017 and 2023. The use of Conversational AI driven virtual assistants is growing both in the workplace and to support customer-facing service operations. Industry analyst Gartner predicts that 25% of digital workers will use virtual employee assistants on a daily basis by 2021, which is up from < 2% in 2019. Gartner also believes that by 2020, 25% of customer service and support operations globally will integrate virtual customer assistant technology across engagement channels, up from < 2% in 2017.

### References:

- IDC The Worldwide Artificial Intelligence Spending Guide 2019
- Markets&Markets: Conversational AI Market - Global Forecast to 2024. Q2 2019. 49043506
- Markets&Markets: Intelligent Virtual Assistant Market by Product, User Interface, and Geography - Global Forecast to 2023. Q2 2017. SE 5670
- Gartner: Market Guide for Conversational Platforms. 30 July 2019. G00367775

## FINANCIAL OVERVIEW GROUP

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net Sales	15.3	12.6	49.1
Gross Margin	9.3	6.3	29.8
Gross Margin %	60%	50%	61%
EBITDA	-25.1	-31.8	-119.2
<i>Adjusted EBITDA</i>	-25.1	-27.7	-112.8
Operating loss	-34.3	-56.9	-146.0
<i>Adjusted Operating loss</i>	-34.3	-30.7	-117.5
Earnings per share, SEK	-0.7	-2.7	-7.4
Equity ratio	-1.1	-1.6	-2.5

MEUR	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net Sales	1.4	1.2	4.6
Gross Margin	0.9	0.6	2.8
Gross Margin %	60%	50%	61%
EBITDA	-2.3	-3.0	-11.3
<i>Adjusted EBITDA</i>	-2.3	-2.6	-10.6
Operating loss	-3.2	-5.4	-15.1
<i>Adjusted Operating loss</i>	-3.2	-2.9	-12.3
Earnings per share, EUR	-0.1	-0.3	-0.7
Equity ratio	-1.1	-1.6	-2.5

## THE GROUP IN BRIEF

### ORDER INTAKE AND ORDER BACKLOG

Order intake remains a key measure to show progress for Artificial Solutions. It measures the total value of contractual commitments made by customers during the quarter.

Order Backlog is another key measure and it represents the accumulated value of orders received but which have not yet been delivered.

When analysing Order Backlog three key points should be considered:

1. Nature of the Backlog - what type of revenue does it represent, i.e. License, Usage or Services?
2. Timing – when will the service be delivered? This is sometimes not precise as it depends on the customers roll out plan and this is subject to change
3. Profitability and Margin - evaluation of the mix of the transactions, where License and Usage have higher profitability than Services.

### LONGER CUSTOMER COMMITMENT

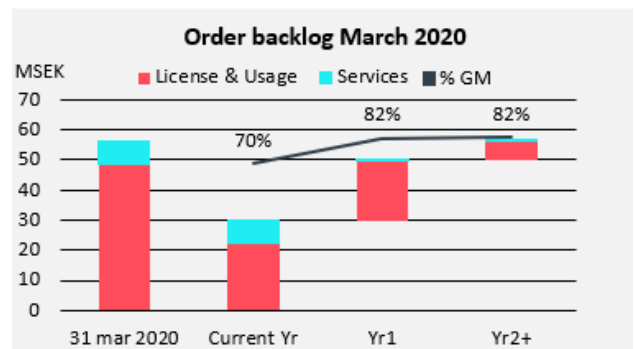
The charts look at the revenue mix of the Order Backlog and when it is expected that the Backlog will be delivered as revenue; it then compares the nature and timing with the same time last year. The overall value of Backlog has increased by 38% year on year. Swisscom extended their agreement with Artificial Solutions to three years during Q1, committing to a mix of License, Usage and services

### MIX IN REVENUE ELEMENTS IMPROVES BACKLOG PROFITABILITY

Another key constituent of Backlog is the Gross Margin of the contracts included in Backlog. The line in the charts estimate the Gross Margin that is locked up in Backlog. This shows that over the life of an agreement, once the initial professional service element has been completed, the overall profitability increases.

Note here that the nature of agreements with each of the customers varies in that some will contract for Usage or Services up front, whereas others will commit to the License up front but will buy Usage and Services “as used”. As such, the future revenues to come from existing customers can be significantly beyond that included in Backlog at any stage.

MSEK	JAN-MAR 2020	JAN-MAR 2019
Licenses & Usage	16.8	11.0
Services	2.7	5.9
<b>Total Order Intake</b>	<b>19.5</b>	<b>17.0</b>
Licenses & Usage	48.7	32.3
Services	7.7	8.5
<b>Total Order Backlog</b>	<b>56.4</b>	<b>40.8</b>



## JANUARY TO MARCH 2020

Order Intake totalled 19.5 MSEK (16.8), an increase of 16% over the same period last year and Order Backlog increased to 56.3 MSEK (40.8), an increase of 38%. During the quarter, the company extended its agreement with Swisscom to a three-year term and closed two new name accounts, a well-known Scandinavian Company in the Finance sector and a global management consultancy. It also continued to renew and expanded a number of existing agreements. Net Sales totalled 15.3 MSEK (12.6) an increase of decrease of 21%.

Personnel Costs have increased 9% over the same quarter last year in line with headcount increasing from 104 in March 2019 to 110 at the end of March 2020; as well as the impact of annual salary reviews, and the increased cost of new employees in the USA and Asia Pacific.

Depreciation and Amortisation has increased to -3.4 MSEK (-3.0) as we have increased the R&D capitalized amount for own accounts to 3.9 MSEK (2.3).

Operating Expenses decreased to -47.8 MSEK (-71.8). this reduction is because in 2019 all of the costs incurred in relation to the reverse takeover are not repeated in 2020. This results in an Operating loss (EBIT) amounted of -28.6 MSEK (-56.9).

## FINANCIAL ITEMS AND TAX

Due to the value of accumulated tax losses there is no tax payable in relation to 2019 or 2020. Net financial items amounted to -2.7 MSEK -2.3 in the quarter. Of this, in 2020, 0.12 MSEK are proceeds of sale of shares in Indentive Värdepapper AB, -7.4 MSEK are interest from loans, and the remainder is unrealised currency expenses.

## CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash Flow from operating activities amounted to -18.3 MSEK (-32.7) in the quarter. The reduction in the use of cash in the quarter relates mainly to the non-recurring costs of the Reverse Takeover incurred in 2019.

Although the Group has experienced strong order intake and revenue growth it is not yet cash flow positive and has a number of Loans and Bonds which are due to be repaid in June 2020. In recognition of the above, the Board and management have made plans and taken steps including the recent Right Issue to ensure the Company adequately address the financing requirement until cash flow positive. It is the Boards expectation that the measures taken will adequately address the Groups cash requirements. The Group has facilities available to cover cash requirement until the necessary steps are completed.





## OTHER INFORMATION

### ACCOUNTING POLICIES

The interim report for the Group and the parent company have been prepared using the accounting policies, formats, etc. as stated by the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and Consolidated reports (K3).

The Parent company applies the same accounting principles as the Group, if not otherwise indicated. The accounting principles remain unchanged as compared to previous year.

### PARENT COMPANY

The Parent Company is Artificial Solutions International AB formerly, Indentive AB. On 28 January 2019, Artificial Solutions (previously Indentive AB) entered into an agreement to acquire all shares and warrants in Artificial Solutions Holding by an issue in kind (the "Reverse Takeover"). Immediately following the completion of the Reverse Takeover, Artificial Solutions Holding's shareholders held approximately 97.75% of the shares and votes in Artificial Solutions (previously Indentive AB), and the existing shareholders of Indentive AB held approximately 2.25% of the shares and votes in Artificial Solutions (previously Indentive AB). As such for comparison purposes, the Parent Company excludes all Indentive Värdepapper transactions.

This quarter there was operating income in the Parent Company Artificial Solutions International AB of 0.7 MSEK (0); this is revenue from a single customer agreement entered into with the Parent Company. Operating expenses in the quarter totalled -2.9 MSEK (-1.2) mainly due to professional fees incurred in the first quarter.

Following the conversion of Loans to third parties to equity, the Board has considered the value of investments in third parties and due to the uncertainty associated with these investments, has decided to make a full provision against the collectability of these investments

Following the rights issue raising a total of 120.5 MSEK, The Company repaid various Loans totalling 18.1 MSEK It also paid for the one off costs relating to the rights issue of 7.7 MSEK

### SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to a range of operational and financial risks. These risks, including those associated with the current Covid-19 crisis, could have a material adverse effect on Artificial Solutions' operations, financial position and/or results. For further information about risks and uncertainties, see page 2-12 in the Company Description (only available in Swedish), which you can find on [www.artificial-solutions.com](http://www.artificial-solutions.com).

### RELATED-PARTY TRANSACTIONS

During the quarter, Artificial Solutions continued a Lease Agreement for its Headquarters office with Vencom Property Partners AB. The terms of the Lease are 1.5 MSEK per annum for a term of 2 years until April 2021. The agreement is considered to be at Market rates.

The Group continued a Consulting Services agreement with ASH&Partner AB at a rate of 30,000 SEK per month, and a Consulting Services agreement with JUTechnology LLC at a rate of 21,660 SEK per month.

### EMPLOYEES

The number of full-time equivalent employees in the Group at 31 March 2020 amounted to 110 (104).

### EVENTS DURING THE QUARTER

Artificial Solutions completed a fully subscribed rights issue of 120.5 MSEK

### EVENTS AFTER THE QUARTER

Outstanding Loans, interest and charges due from Indentive Värdepapper AB of 13.6 MSEK were converted into 27.36m ordinary shares. The Loans we provided for in full in 2019 and the provision is retained.

A new Partnership announced with UiPath a leading Robotic Process Automation provider

## THE COMPANY'S MAJOR SHAREHOLDERS

Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm under the symbol "ASAI". Number of shares as of March 31, 2020 was 43,243,663 shares. The largest owner is Scope, which holds 38.8% of the number of shares.

	31 MAR 2020	31 MAR 2019
Number of shares at the end of the period	43,243,663	21,959,646
Average number of shares before dilution	31,712,020	6,753,717
Average number of shares after dilution	32,885,783	7,091,887

## AUDIT REVIEW REPORT

This Interim Report has not been reviewed by the company's auditors.

## ANNUAL GENERAL MEETING

The Annual General Meeting of Artificial Solutions International AB (publ) will be held in Stockholm, on 17 June 2020.

The Annual Report for 2019 will be published no later than 27 May 2020.

## FINANCIAL CALENDAR

- Interim report for the second quarter of 2020: July 30th, 2020
- Interim report for the third quarter of 2020: October 29th, 2020
- Interim report for the fourth quarter 2020: February 4th, 2021

Stockholm, 18 May 2020

**Lawrence Flynn**  
CEO

Artificial Solutions financial reports are available at the corporate website, <https://www.artificial-solutions.com/investor-relations/as-financial-reports>

This information is such that Artificial Solutions International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 7.30 a.m. CET on May 18, 2020.

Artificial Solutions International is listed on Nasdaq First North Growth Market in Stockholm with short name ASAI. Erik Penser Bank is the Company's Certified Adviser ([www.penser.se](http://www.penser.se), tfn +46 (0) 8-463 83 00, e-post [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se)).

## GROUP FINANCIAL STATEMENTS

### GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net Sales	15.3	12.6	49.1
Capitalized amount for own accounts	3.9	2.3	12.0
Other operating income	-	-	7.3
<b>Total operating income</b>	<b>19.2</b>	<b>14.9</b>	<b>68.5</b>
Personnel costs	-31.7	-29.0	-117.8
Other external costs	-12.7	-17.7	-62.7
Depreciation and amortization on fixed assets	-3.4	-3.0	-11.6
Other operating expenses	-	-22.1	-22.4
<b>Total operating expenses</b>	<b>-47.8</b>	<b>-71.8</b>	<b>-214.5</b>
<b>Operating loss</b>	<b>-28.6</b>	<b>-56.9</b>	<b>-146.0</b>
Net financial items	-2.7	-2.3	-35.8
<b>Loss after financial items</b>	<b>-31.3</b>	<b>-59.3</b>	<b>-181.7</b>
Tax on result for the period	-0.2	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-31.5</b>	<b>-59.3</b>	<b>-181.7</b>

## GROUP CONSOLIDATED BALANCE SHEET

MSEK	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure for licensed software and development	34.3	29.3	31.7
Equipment, furniture and fitting	1.7	1.8	1.8
Other non-current receivables	5.6	5.6	5.4
<b>Total non-current assets</b>	<b>41.7</b>	<b>36.7</b>	<b>39.0</b>
<b>Current assets</b>			
Current receivables	28.8	32.5	31.8
Cash and bank balances	37.2	9.6	4.4
<b>Total current assets</b>	<b>65.9</b>	<b>42.1</b>	<b>36.2</b>
<b>TOTAL ASSETS</b>	<b>107.6</b>	<b>78.8</b>	<b>75.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	77.8	39.5	44.5
Share premium reserve	1,181.7	1,047.1	1,103.1
Other equity including result for the period	-1,378.6	-1,215.0	-1,338.0
<b>Total Equity</b>	<b>-119.0</b>	<b>-128.4</b>	<b>-190.4</b>
<b>Non-current liabilities</b>			
Liabilities to other lenders	1.9	52.9	1.8
<b>Total non-current liabilities</b>	<b>1.9</b>	<b>52.9</b>	<b>1.8</b>
<b>Current liabilities</b>			
Liabilities to other lenders	175.5	99.6	221.1
Current liabilities	15.1	11.8	9.9
Accrued expenses and deferred income	34.1	42.9	32.8
<b>Total current liabilities</b>	<b>224.7</b>	<b>154.3</b>	<b>263.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107.6</b>	<b>78.8</b>	<b>75.2</b>

## GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>Operating Activities</b>			
Loss after financial items	-31.3	-56.9	-181.7
Adjustments for items not included in cash flow	3.5	21.8	48.8
Taxation paid and received	4.7	1.4	3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>-23.1</b>	<b>-33.7</b>	<b>-129.2</b>
Cash flow from changes in working capital	4.8	0.9	-15.2
<b>Cash flow from operating activities</b>	<b>-18.3</b>	<b>-32.7</b>	<b>-144.4</b>
Cash flow from investing activities	-4.0	-2.4	-13.6
Cash flow from financing activities	55.1	-2.1	115.7
<b>Net change in cash and cash equivalents</b>	<b>32.7</b>	<b>-37.2</b>	<b>-42.4</b>
Cash and cash equivalents beginning of the period	4.4	46.8	46.8
<b>Cash and cash equivalents end of the period</b>	<b>37.2</b>	<b>9.6</b>	<b>4.4</b>

## GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>Amount Brought Forward</b>	<b>-190.4</b>	<b>-86.4</b>	<b>-86.4</b>
New Issue of Shares	111.9	22.6	83.7
Translation Differences	-15.4	-5.4	-5.9
Other Equity	6.4	-	-
Results for the period	-31.5	-59.3	-181.7
<b>Amount Carried Forward</b>	<b>-119.0</b>	<b>-128.4</b>	<b>-190.4</b>

## KPIs

MSEK	Jan-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Order Intake	19.5	16.8	62.7
Order Backlog	56.4	40.8	49.9
Net Sales	15.3	12.6	49.1
Gross Margin	9.3	6.3	29.8
Gross Margin %	60%	50%	61%
Adjusted EBITDA	-25.1	-27.7	-112.8
Usage Revenue	3.9	1.5	7.7
Usage Revenue %	26%	12%	16%
Partner Order Intake %	82%	10%	46%
Partner Revenue %	45%	50%	45%

## FINANCIAL STATEMENTS PARENT COMPANY

### PARENT COMPANY INCOME STATEMENT

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
Net Sales	0.7	-	2.4
Other operating income	-	-	0.6
<b>Total operating income</b>	<b>0.7</b>	<b>-</b>	<b>3.0</b>
Other external costs	-2.9	-1.2	-21.0
Other expenses	-	-	-
<b>Total operating expenses</b>	<b>-2.9</b>	<b>-1.2</b>	<b>-21.0</b>
<b>Operating loss</b>	<b>-2.1</b>	<b>-1.2</b>	<b>-18.1</b>
Net financial items	4.0	-0.3	-856.3
<b>Result after financial items</b>	<b>1.8</b>	<b>-1.5</b>	<b>-874.3</b>
Tax on result for the period	-0.2	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>1.6</b>	<b>-1.5</b>	<b>-874.3</b>

## PARENT COMPANY BALANCE SHEET

MSEK	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure	-	-	-
Receivable from Group companies	144.6	-	103.6
Financial assets	281.0	1,119.2	281.0
<b>Total non-current assets</b>	<b>425.6</b>	<b>1,119.2</b>	<b>384.6</b>
<b>Current assets</b>			
Current receivables	5.8	7.0	5.7
Cash and bank balances	17.9	-	0.7
<b>Total current assets</b>	<b>23.7</b>	<b>7.0</b>	<b>6.4</b>
<b>TOTAL ASSETS</b>	<b>449.3</b>	<b>1,126.1</b>	<b>391.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	77.8	39.5	44.5
Share premium reserve	1,181.7	1,047.1	1,103.1
Other equity including result for the period	-837.6	32.0	-839.2
<b>Total Equity</b>	<b>421.9</b>	<b>1,118.6</b>	<b>308.4</b>
<b>Non-current Liabilities</b>			
Liabilities to other lenders	-	0.3	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>0.3</b>	<b>-</b>
<b>Current liabilities</b>			
Liabilities to other lenders	20.7	1.1	75.0
Current liabilities	5.1	4.2	3.2
Accrued expenses and deferred income	1.6	1.1	1.6
<b>Total current liabilities</b>	<b>27.4</b>	<b>6.3</b>	<b>79.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>449.3</b>	<b>1,126.1</b>	<b>391.1</b>

## PARENT COMPANY CASH FLOW STATEMENT

MSEK	JAN-MAR 2020	JAN-MAR 2019	JAN-DEC 2019
<b>Operating Activities</b>			
Loss after financial items	1.8	-1.2	-874.3
Adjustments for items not included in cash flow	-2.4	-	853.5
Taxation paid and received	-0.2	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-20.8</b>
Cash flow from changes in working capital	-37.1	5.3	-86.8
<b>Cash flow from operating activities</b>	<b>-37.9</b>	<b>4.1</b>	<b>-107.6</b>
Cash flow from investing activities	-	-	-
Cash flow from financing activities	55.1	-4.1	108.3
<b>Net change in cash and cash equivalents</b>	<b>17.2</b>	<b>-</b>	<b>0.7</b>
Cash and cash equivalents beginning of the period	0.7	-	-
<b>Cash and cash equivalents end of the period</b>	<b>17.9</b>	<b>-</b>	<b>0.7</b>

## PARENT COMPANY CHANGE IN EQUITY

MSEK	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>Amount Brought Forward</b>	<b>308.4</b>	<b>24.7</b>	<b>24.7</b>
New Issue of Shares	111.9	1,117.1	1,178.1
Distributed to shareholders/Indentive Värdepapper	-	-21.8	-21.8
Shareholder contribution	-	-	1.7
Results for the period	1.6	-1.5	-874.3
<b>Amount Carried Forward</b>	<b>421.9</b>	<b>1,118.6</b>	<b>308.4</b>



## DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR

FINANCIAL MEASURES	DESCRIPTION
<b>Order Intake</b>	The value of contractually committed orders received from customers in the period.
<b>Order Backlog</b>	The value of contractually committed orders received from customers which have not yet been recognized as revenue.
<b>Usage Revenue</b>	The amount of revenue derived solely from the usage of the Teneo Platform.
<b>Usage Revenue as % Total Revenue</b>	Is calculated as the total usage revenue in the period as a percent of Total Revenue from Operations in the period.
<b>Gross Margin % Revenue</b>	Gross Margin expressed as a per cent of Total Revenue. Gross Margin is calculated by applying the cost of product delivered; for professional services the cost is taken as the average fully loaded cost of days invoiced to the customer.
<b>Partner % of Order Intake</b>	The value of Order Intake received from Partners as a per cent of the total value of Order Intake in the period.
<b>Partner Revenue %</b>	The value of Revenue recognised from Partners as a per cent of the total value of Revenue in the period.
<b>Net Sales</b>	Revenue derived directly from the delivery of customer projects.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization.
<b>Adjusted EBITDA</b>	Earnings before interest, tax, depreciation and amortization adjusted for the one-off costs of the Reverse Takeover in March 2019
<b>Average number of shares before dilution</b>	Average number of shares during the period.
<b>Average number of shares after dilution</b>	Average number of shares during the period including number of shares at full dilution.

## CONFERENCE CALL

The report will be presented by Lawrence Flynn, CEO, and Chris Bushnell, CFO, at a telephone conference on 18 May 2020 at 10:00 a.m. CET.

To participate in the conference, use any of the following dial-in numbers:

<b>UK (local)</b>	+44 3333009261
<b>Sweden (local)</b>	+46 850558356
<b>United States (local)</b>	+1 8335268384

Please dial in 5–10 minutes ahead in order to complete the short registration process.

## CONTACT INFORMATION

Lawrence Flynn, CEO

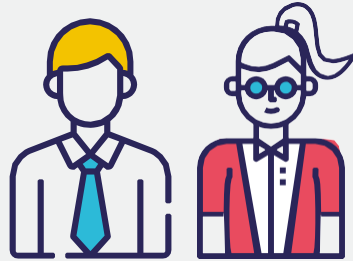
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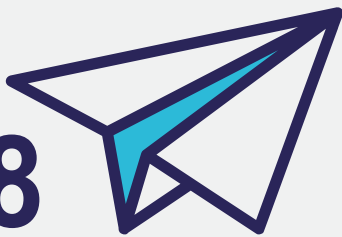
employees

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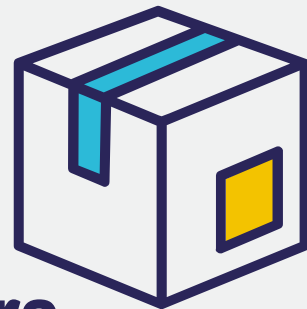
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partners

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