

## QUARTERLY REPORT APRIL TO JUNE 2020

### STRONG REVENUE GROWTH OF 22%

#### APRIL TO JUNE 2020

- Order Intake was 6.5 MSEK (22.8)
- Order Backlog decreased to 44.6 MSEK (50.7)
- Net Sales totalled 15.4 MSEK (12.6)
- Gross Margin increased to 69% (60)
- Usage Revenue increased to 37% (24)
- Adjusted EBITDA was -19.8 MSEK (-27.7)
- Earnings per share -0.9 SEK (-2.0)

#### JANUARY TO JUNE 2020

- Order Intake was 26.0 MSEK (39.6)
- Order Backlog decreased to 44.6 MSEK (50.7)
- Net Sales totalled 30.7 MSEK (25.3)
- Gross Margin increased to 65% (55)
- Usage Revenue increased to 31% (18)
- Adjusted EBITDA was -44.9 MSEK (-55.3)
- Earnings per share -1.6 SEK (-4.7)

#### EVENTS DURING THE QUARTER

- The Directed Share Issue raising a total of 26.9 MSEK was fully subscribed with the issue of 4.3 M shares
- Signed additional new customer – a world leading fresh food delivery service
- New Partnership signed with Tech Mahindra Ltd, a world leading system integrator and infrastructure provider

#### EVENTS AFTER THE QUARTER

- Extended action to handle Covid-19 lockdown period
- Purchase and resale of 6.3 MSEK Bonds

### KEY FIGURES (For definitions please see page 17)

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Order Intake	6.5	22.8	26.0	39.6	62.7
Order Backlog	44.6	50.7	44.6	50.7	49.9
Net Sales	15.4	12.6	30.7	25.3	49.1
Gross Margin %	69%	60%	65%	55%	61%
Adjusted EBITDA	-19.8	-27.7	-44.9	-55.3	-112.8
Partner Revenue %	53%	34%	49%	42%	45%
Earnings per share, SEK	-0.9	-2.0	-1.6	-4.7	-7.4
Cashflow from Operations	-10.9	-51.9	-29.2	-84.6	-144.4

## CEO STATEMENT

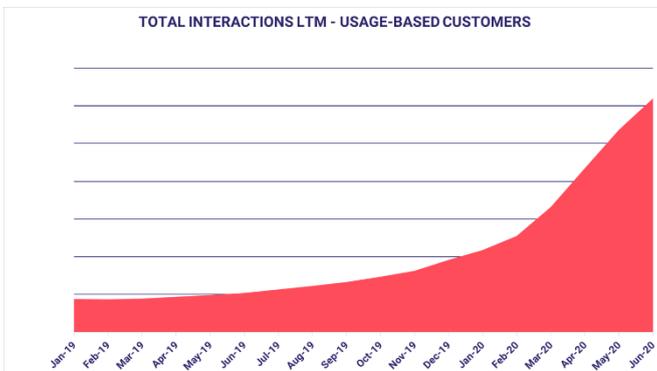


Lawrence Flynn  
CEO

I am pleased to report that our second quarter results provide a very good indication of the robust nature of our business model.

### USAGE

Growing usage is a key part of our strategy, and during the crisis we have seen a number of our customers increase the volumes of transactions with their own customers, conducted through the Teneo Platform. Additionally, we have also seen our customers continue to increase volumes of usage as their solutions develop and deploy further. The revenues associated with usage depend on the individual agreement, but the continuing significant upward trend in usage in the second quarter of 2020 of 5.6 MSEK (3.1 MSEK) and 9.6 MSEK in the first half of the year (4.5 MSEK) increases of 84% and 113% compared to the same period last year is further endorsement of our business model and the robust nature of the Teneo Platform.



Despite the obvious challenges of the Covid-19 impact which delayed closing of transactions from an Order Intake perspective, revenues are up on both the quarter 15.4 MSEK (12.6 MSEK) and half-year 30.7 MSEK (25.3 MSEK), a 22% increase on the quarter and 21% to last year.

Throughout the Covid-19 pandemic we, and many of our customers have been able to continue to work remotely, delivering projects and supporting their customers using sophisticated solutions based on our Teneo platform. As a result, we have been able to continue to deliver license, usage and professional services revenue from the Backlog of agreements we have already signed.

### STRONG BUSINESS MODEL

We have continued to increase the proportion of revenue delivered via our Partners, a key part of our business strategy, that enables us to focus on the much higher margin License and Usage revenue, and thus increased our Gross Margin in the quarter to 69%. Our full year target of 70% is demonstrably achievable.

We have also seen a significant reduction in our expense run rate. Various actions have resulted in a reduction of expenses of 3.9 MSEK during the quarter, including: reduced payroll for two months, travel, marketing etc. We took the decision in April to place staff on furlough, reduced working hours where it made sense to do so and utilised Government support schemes without materially impacting our ability to operate the business given the current circumstances. As a distributed organisation, we were already well used to operating remotely. We have been able to adapt very quickly to the new normal.

### NEW NAMES

Our Order Intake for the quarter of 6.5 MSEK is below our expectations, last quarter 19.5 MSEK and prior year 16.8 MSEK. I believe this decrease is principally because of the extra time it is taking to close agreements with customers and partners as many remain in lock-down, or at least continued distributed working. Despite the challenges of the Pandemic I am delighted to confirm the closure of a further new name customer account, one of the world's largest fresh food delivery companies operating across fourteen countries. Similarly, we secured the closure of a new Partner agreement with Tech Mahindra another leading global Systems Integrator and infrastructure provider.

As noted in our Annual Report, we are seeing signs of companies looking for ways to significantly increase their digital engagement with stakeholders. Thus, we are seeing an increase in our pipeline of new opportunities from companies who recognise the significant benefits that can be achieved using an advanced Conversational AI platform.

### FUNDING & GUIDANCE

During the Quarter we also continued to work to secure the financing of the business. We completed a directed share issue in June raising 26.9 MSEK and I would like to both welcome and thank the new investors who participated in the new issue. In order to facilitate a transfer between holders, the company bought and sold 6.3 MSEK of Bonds at Par value in July.

The Covid-19 pandemic is proving more persistent than any of us had hoped. As I write, the crisis is still not under control in the USA and elsewhere. However, I continue to believe that the Covid19 pandemic will have a positive "accelerator" impact on Artificial Solutions market, and, as stated earlier, we are seeing some early evidence of that.

We carefully review all of the guidance provided to the Market on a quarterly basis, particularly in the light of the Covid-19 pandemic. The result of which is that guidance is unchanged from the end of Quarter 1.

## SUMMARY

The second quarter has delivered strong Revenue and EBITDA numbers. In very challenging times we have remained very effective as a business, increased revenues and usage, and signed new name customers and partners. The nature and timing of outcomes, as the Covid-19 pandemic extends, remains very difficult to predict. However, I am of the firm belief that Conversational AI will reinforce its position as a key component of the Enterprise road map, as our customers and prospects navigate their way out of the crisis, and we are well prepared to capture what is building up to be a substantial opportunity.



**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 Markets&Markets, 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	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Net Sales	15.4	12.6	30.7	25.3	49.1
Gross Margin	8.9	7.6	16.2	13.9	29.8
Gross Margin %	69%	60%	65%	55%	61%
EBITDA	-19.8	-29.9	-44.9	-61.7	-119.2
<i>Adjusted EBITDA</i>	-19.8	-27.7	-44.9	-55.3	-112.8
Operating loss	-23.1	-33.1	-51.6	-90.0	-146.0
<i>Adjusted Operating loss</i>	-23.1	-30.8	-51.6	-61.5	-117.5
Earnings per share, SEK	-0.9	-2.0	-1.5	-4.7	-7.4
Equity ratio	-1.1	-1.3	-1.1	-1.3	-2.5

MEUR	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Net Sales	1.4	1.2	2.9	2.4	4.6
Gross Margin	0.6	0.7	1.5	1.3	2.8
Gross Margin %	69%	60%	65%	55%	61%
EBITDA	-1.9	-2.8	-4.2	-5.9	-11.3
<i>Adjusted EBITDA</i>	-1.9	-2.6	-4.2	-5.3	-10.6
Operating loss	-2.2	-3.1	-4.8	-8.6	-15.1
<i>Adjusted Operating loss</i>	-2.2	-2.9	-4.8	-5.8	-12.3
Earnings per share, EUR	-0.1	-0.2	-0.1	-0.4	-0.7
Equity ratio	-1.1	-1.3	-1.1	-1.3	-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.

The value of new Order Intake received in the second quarter decreased to 6.5 MSEK compared to 19.5 MSEK in the previous quarter.

### NET DECREASE IN BACKLOG

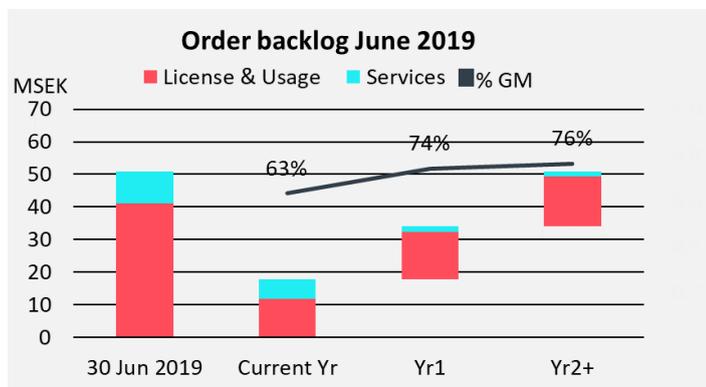
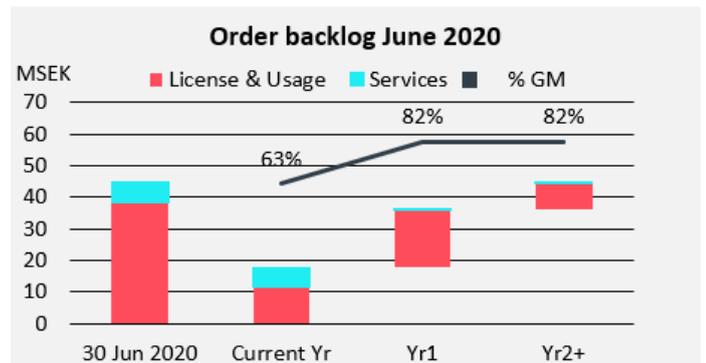
The charts look at the revenue mix of the Order Backlog and when it is expected that the Backlog will be delivered as revenue; it then compares the nature and timing with the same time last year. As the Order Intake for the quarter fell below the value of revenue delivered, the value of backlog decreased 12% compared to June 2019

### 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 as a result of the much higher gross margins applicable to License and Usage revenue

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	JUN 2020	JUN 2019	FULL YEAR 2019
Licenses & Usage	20.3	27.6	40.2
Services	5.7	12.0	22.5
<b>Total Order Intake</b>	<b>26.0</b>	<b>39.6</b>	<b>62.7</b>
Licenses & Usage	38.0	41.1	40.4
Services	6.6	9.7	9.5
<b>Total Order Backlog</b>	<b>44.6</b>	<b>50.7</b>	<b>49.9</b>



## APRIL TO JUNE 2020

Order Intake totalled 6.5 MSEK (22.8), a decrease of 71% over the same period last year. A number of deals expected to close in Q2 were delayed due to the Covid-19 pandemic, some of these have subsequently closed. As a result more revenue was delivered from Backlog and the closing value of Order Backlog declined to 44.6 MSEK (50.4), a decrease of 12%. Net Sales totalled 15.4 MSEK (12.6) an increase of 22%.

Personnel Costs are unchanged compared to the same quarter last year. Whilst headcount at the end of June 2019 and June 2020 is the same, 111, the FTE has decreased from 106 last year to 87 at the end of June 2020. This reduction in FTE reflects the utilisation of various government support in the countries in which we operate. Furlough support of 0.6 MSEK received has been booked as other income and Pay-check Protection Program forgivable loans of 2.6 MSEK are currently on the Balance Sheet pending confirmation of forgiveness.

Depreciation and Amortisation has increased to -3.3 MSEK (-3.1) due to the increased net book value of the Teneo Platform compared to previous year 30.9 MSEK (28.8).

Operating Expenses decreased to -41.7 MSEK (-48.3). This reduction reflects reductions in operations expenses as a result of the Covid-19 crisis such as reductions in Physical Marketing events, no travel and entertaining and significantly reduced premises and operating costs. Additionally, in 2019 all of the costs incurred in relation to the reverse takeover were booked as expenses and these are not repeated in 2020.

This results in an Operating loss (EBIT) of -23.1 MSEK (-33.1).

## JANUARY TO JUNE 2020

Order Intake totalled 26.0 MSEK (39.5), a decrease of 34% over the same period last year. A number of deals expected to close in Q2 were delayed due to the Covid-19 pandemic. As a result, more revenue was delivered from Backlog during the half year then new orders received and the closing value of Order Backlog declined to 44.6 MSEK (50.4), a decrease of 12%. Net Sales totalled 30.7 MSEK (25.3) an increase of 22%.

Personnel Costs have increased 4% over the same period last year. Headcount remains stable at 111 and the number of FTE has decreased from 106 to 87 at the end of June 2020, which reflects number of furloughed employees. With effect from May 2020 the Company has taken the benefit of various Government support programs for Furloughed employees. 0.6 MSEK of furlough support has been recorded as other revenue. In the USA, we have received 2.6 MSEK of Pay-check Protection Program forgivable loans, they are currently held on the Balance Sheet as short term Loans pending confirmation of forgiveness.

Depreciation and Amortisation has increased to -6.7 MSEK (-6.2) as we have increased the R&D capitalized amount for own accounts to 6.5 MSEK (4.9).

Operating Expenses decreased to -89.5 MSEK (-120.2). As a direct result of the Covid-19 pandemic the company has taken steps to reduce all non-essential costs which is reflected in this reduction, in addition in 2019 the costs incurred in relation to the reverse takeover were booked as expenses and these costs are not repeated in 2020.

This results in an Operating loss (EBIT) reducing to -51.6 MSEK (-90.0).

## 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 -19.0 (-10.2) in the quarter and -21.6 MSEK (-12.4) half-year. Of this, in the second quarter, -5.7 MSEK (-7.3) are interests from loans, and the rest is mainly unrealised expenses. In the first half of 2020, 0.12 MSEK are proceeds of sale of shares in Indentive Värdepapper AB, -13.1 MSEK are interest from loans, and the remainder is unrealised currency expenses.

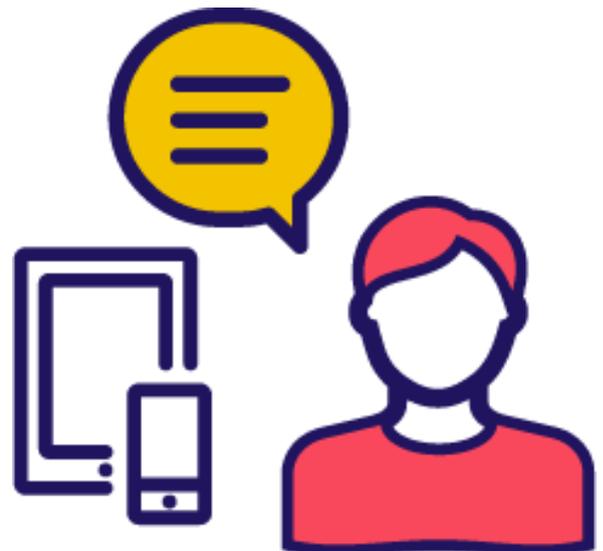
## CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash Flow from operating activities amounted to -10.9 MSEK (-51.9) in the quarter and -29.2 MSEK (-84.6) in half-year. The reduction in the use of cash in both quarters relates mainly to the non-recurring costs of the Reverse Takeover incurred in 2019 and the impact of savings of Operating expenses as a result of the Covid-19 pandemic.

During the year, the Company has raised 108.6 MSEK (97.7 net of transaction costs) through two share issues, 26.9 MSEK received in the second quarter.

Although the Group has experienced revenue growth, it is not yet cash flow positive and has a number of outstanding Loans and Bonds. Artificial Solutions has agreed a 12-month extension of the 52 MSEK Bonds previously due for repayment on 5 June 2020. Repayment of the Bonds will now be due on 5 June 2021. Additionally, the terms of the Bond are amended such that in the event the Bonds are redeemed on or prior to 31 December 2020, they will be redeemed at an amount per Bond equal to 100 per cent of the nominal amount, but if the Bonds are redeemed in 2021 there will be a monthly step-up in the redemption amount up until the final maturity date on which the Bonds will be redeemed at an amount per Bond equal to 110 per cent of the nominal amount. All other terms remain the same. On 27 May 2020, Artificial Solutions purchased 15 MSEK of Bonds due for repayment on 5 June 2021. On the same day, 27 May 2020, it sold 15 MSEK of Bonds due for repayment on 5 June 2021.

With the before mentioned steps, it is the Board's expectation that the Groups cash requirements have been adequately addressed.



## 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.

In the year, the Net Sales have increased from 0.9 MSEK to 1.6 MSEK, and are in line in the second quarter compared to last year 0.9 MSEK (0.9). This is revenue from a single customer agreement entered into with the Parent Company. The reduction in operating expenses both in the quarter -3.8 MSEK (-11.1) and half-year -6.6 MSEK (-12.3) is mainly due to professional fees incurred last year as a result of the Reverse Takeover.

Net financial items for the quarter -6.5 MSEK (-2.7) are mainly due to unrealized exchange losses -8.4 MSEK. In the half year, net financial items have decreased to -2.5 MSEK this year from -2.9 last year, as the interests from loans went from -2.8 MSEK in 2019 to -1.6 MSEK in 2020 due to the reduction in value of Loans outstanding.

During the year, the Company has issued shares for a total purchase price of 135.5 MSEK (122.1 net of transaction costs) through two rights issues, 26.9 MSEK received in the second quarter.

### 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 headcount at June 2020 is 111 (111).

The number of full-time equivalent employees in the Group at 30 June 2020 amounted to 87 (106).

### EVENTS DURING THE QUARTER

Artificial Solutions completed a fully subscribed directed share issue of 26.9 MSEK.

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.

### EVENTS AFTER THE QUARTER

On 6 July 2020, Artificial Solutions purchased 6.3 MSEK of Bonds due for repayment on 5 June 2021. On the 27 July 2020, it sold 6.3 MSEK of Bonds due for repayment on 5 June 2021.

Tax credit 7.3 MSEK in respect of R+D confirmed as successful for the fiscal year 2018 which it expects to receive during 2021.

## 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 June 30, 2020 was 47,543,663 shares. The largest owner is Scope, which holds 35.3% of the number of shares.

	30 JUN 2020	30 JUN 2019	31 DEC 2019
Number of shares at the end of the period	47,543,663	21,973,818	24,710,665
Average number of shares before dilution	37,532,851	14,361,743	19,506,456
Average number of shares after dilution	38,726,804	14,834,557	20,329,744

## SHARE-RELATED INCENTIVE PROGRAM

There were two existing incentive programs ("Incentive Program 2019/2022" and "Incentive Program 2019/2024"). At the Annual General Meeting held in June 2020, the Company approved a third program as described below.

### INCENTIVE PROGRAM 2020/2025

At the AGM of Artificial Solutions on 17 June 2020, it was resolved to introduce a long term incentive program in the form of a warrant program, Incentive Program 2020/2025. The resolution taken was to issue a maximum of 769,280 warrants of series 2020/2025:1 and a maximum of 149,372 warrants of series 2020/2025:2 to Artificial Solutions Holding ASH AB. It was resolved that Artificial Solutions Holding ASH AB, is to dispose of the warrants in order to fulfil the commitments as follows from Incentive Program 2020/2025:1 and this, transfer the warrants issued to management and other key employees of the company or its subsidiaries. It was further resolved that Artificial Solutions Holding ASH AB, following subscriptions and issue, is to

dispose of the warrants in order to fulfil the commitments as follows from Incentive Program 2020/2025:2 and thus, transfer the warrants issued to directors of the company.

## AUDIT REVIEW REPORT

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

## FINANCIAL CALENDAR

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

Stockholm, 30 July 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 July 30, 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	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Net Sales	15.4	12.6	30.7	25.3	49.1
Capitalized amount for own accounts	2.6	2.6	6.5	4.9	12.0
Other operating income	0.6	-	0.6	-	7.3
<b>Total operating income</b>	<b>18.6</b>	<b>15.3</b>	<b>37.8</b>	<b>30.2</b>	<b>68.5</b>
Personnel costs	-28.3	-28.5	-60.0	-57.5	-117.8
Other external costs	-10.0	-16.7	-22.7	-34.4	-62.7
Depreciation and amortization on fixed assets	-3.3	-3.1	-6.7	-6.2	-11.6
Other operating expenses	-0.0	-0.0	-0.0	-22.1	-22.4
<b>Total operating expenses</b>	<b>-41.7</b>	<b>-48.3</b>	<b>-89.5</b>	<b>-120.2</b>	<b>-214.5</b>
<b>Operating loss</b>	<b>-23.1</b>	<b>-33.1</b>	<b>-51.6</b>	<b>-90.0</b>	<b>-146.0</b>
Net financial items	-19.0	-10.2	-21.6	-12.4	-35.8
<b>Loss after financial items</b>	<b>-42.0</b>	<b>-43.2</b>	<b>-73.3</b>	<b>-102.4</b>	<b>-181.7</b>
Tax on result for the period	-	-	-0.2	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-42.0</b>	<b>-43.2</b>	<b>-73.5</b>	<b>-102.4</b>	<b>-181.7</b>

## GROUP CONSOLIDATED BALANCE SHEET

MSEK	30 JUN 2020	30 JUN 2019	31 DEC 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure for licensed software and development	32.4	29.5	31.7
Equipment, furniture and fitting	1.5	1.7	1.8
Other non-current receivables	5.2	5.8	5.4
<b>Total non-current assets</b>	<b>39.2</b>	<b>36.9</b>	<b>39.0</b>
<b>Current assets</b>			
Current receivables	20.4	42.0	31.9
Cash and bank balances	47.9	50.0	4.4
<b>Total current assets</b>	<b>68.2</b>	<b>91.9</b>	<b>36.3</b>
<b>TOTAL ASSETS</b>	<b>107.4</b>	<b>128.9</b>	<b>75.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	85.6	39.6	44.5
Share premium reserve	1,198.4	1,046.6	1,103.1
Other equity including result for the period	-1,402.0	-1,255.0	-1,338.0
<b>Total Equity</b>	<b>-118.1</b>	<b>-168.8</b>	<b>-190.4</b>
<b>Non-current liabilities</b>			
Liabilities to other lenders	1.8	53.2	12.1
<b>Total non-current liabilities</b>	<b>1.8</b>	<b>53.2</b>	<b>12.1</b>
<b>Current liabilities</b>			
Liabilities to other lenders	171.4	200.8	210.8
Current liabilities	15.1	10.5	9.9
Accrued expenses and deferred income	37.1	33.2	32.8
<b>Total current liabilities</b>	<b>223.6</b>	<b>244.5</b>	<b>253.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107.4</b>	<b>128.9</b>	<b>75.3</b>

## GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
<b>Operating Activities</b>					
Loss after financial items	-42.0	-43.2	-73.3	-102.4	-181.7
Adjustments for items not included in cash Flow	36.0	13.5	39.4	35.4	48.8
Taxation paid and received	0.3	-0.1	5.1	3.6	3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5.7</b>	<b>-29.8</b>	<b>-28.8</b>	<b>-63.4</b>	<b>-129.2</b>
Cash flow from changes in working capital	-5.2	-22.1	-0.4	-21.2	-15.2
<b>Cash flow from operating activities</b>	<b>-10.9</b>	<b>-51.9</b>	<b>-29.2</b>	<b>-84.6</b>	<b>-144.4</b>
Cash flow from investing activities	-2.8	-2.7	-6.8	-5.1	-13.6
Cash flow from financing activities	24.4	95.0	79.5	92.9	115.7
<b>Net change in cash and cash equivalents</b>	<b>10.7</b>	<b>40.4</b>	<b>43.4</b>	<b>3.2</b>	<b>-42.4</b>
Cash and cash equivalents beginning of the period	37.2	9.6	4.4	46.8	46.8
<b>Cash and cash equivalents end of the period</b>	<b>47.9</b>	<b>50.0</b>	<b>47.9</b>	<b>50.0</b>	<b>4.4</b>

## GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	30 JUN 2020	30 JUN 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	147.3	23.4	89.1
Warrant premiums	0.9	1.7	3.0
Transaction costs	-11.0	-3.4	-8.4
Results for the period	-73.5	-102.4	-181.7
Translation difference	8.5	-1.7	-5.9
<b>Amount Carried Forward</b>	<b>-118.1</b>	<b>-168.8</b>	<b>-190.4</b>

## KPIs

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Order Intake	6.5	22.8	26.0	39.6	62.7
Order Backlog	44.6	50.7	44.6	50.7	49.9
Net Sales	15.4	12.6	30.7	25.3	49.1
Gross Margin	8.9	7.6	16.2	13.9	29.8
Gross Margin %	69%	60%	65%	55%	61%
Adjusted EBITDA	-19.8	-27.7	-44.9	-55.3	-112.8
Usage Revenue	5.6	3.1	9.6	4.5	7.7
Usage Revenue %	37%	24%	31%	18%	16%
Partner Order Intake %	31%	55%	69%	36%	46%
Partner Revenue %	53%	34%	49%	42%	45%

## FINANCIAL STATEMENTS PARENT COMPANY

### PARENT COMPANY INCOME STATEMENT

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
Net Sales	0.9	0.9	1.6	0.9	2.4
Other operating income	-	-	-	-	0.6
<b>Total operating income</b>	<b>0.9</b>	<b>0.9</b>	<b>1.6</b>	<b>0.9</b>	<b>3.0</b>
Other external costs	-3.8	-11.1	-6.6	-12.3	-21.0
Other expenses	-	-	-	-	-
<b>Total operating expenses</b>	<b>-3.8</b>	<b>-11.1</b>	<b>-6.6</b>	<b>-12.3</b>	<b>-21.0</b>
<b>Operating loss</b>	<b>-2.9</b>	<b>-10.2</b>	<b>-5.0</b>	<b>-11.4</b>	<b>-18.1</b>
Net financial items	-6.5	-2.7	-2.5	-3.0	-856.3
<b>Loss after financial items</b>	<b>-9.4</b>	<b>-12.9</b>	<b>-7.6</b>	<b>-14.3</b>	<b>-874.3</b>
Tax on result for the period	-	-	-0.2	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-9.4</b>	<b>-12.9</b>	<b>-7.8</b>	<b>-14.3</b>	<b>-874.3</b>

## PARENT COMPANY BALANCE SHEET

MSEK	30 JUN 2020	30 JUN 2019	31 DEC 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Receivable from Group companies	151.6	-	103.6
Financial assets	281.0	1,121.0	281.0
<b>Total non-current assets</b>	<b>432.6</b>	<b>1,121.0</b>	<b>384.6</b>
<b>Current assets</b>			
Current receivables	3.2	17.6	5.7
Cash and bank balances	22.0	24.9	0.7
<b>Total current assets</b>	<b>25.2</b>	<b>42.5</b>	<b>6.4</b>
<b>TOTAL ASSETS</b>	<b>457.8</b>	<b>1,163.6</b>	<b>391.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	85.6	39.6	44.5
Share premium reserve	1,198.4	1,046.6	1,103.1
Other equity including result for the period	-847.0	20.7	-839.2
<b>Total Equity</b>	<b>437.0</b>	<b>1,106.9</b>	<b>308.4</b>
<b>Non-current Liabilities</b>			
Liabilities to other lenders	-	0.3	1.2
<b>Total non-current liabilities</b>	<b>-</b>	<b>0.3</b>	<b>1.2</b>
<b>Current liabilities</b>			
Liabilities to other lenders	15.9	110.1	73.8
Current liabilities	2.1	3.4	3.2
Liabilities to Group companies	-	-	2.8
Accrued expenses and deferred income	2.7	2.6	1.6
<b>Total current liabilities</b>	<b>20.8</b>	<b>116.1</b>	<b>81.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>457.8</b>	<b>1,163.6</b>	<b>391.1</b>

## PARENT COMPANY CASH FLOW STATEMENT

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019	FULL YEAR 2019
<b>Operating Activities</b>					
Loss after financial items	-9.4	-12.9	-7.6	-14.3	-874.3
Adjustments for items not included in cash flow	5.2	2.3	2.8	2.5	853.5
Taxation paid and received	0.0	-	-0.2	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4.2</b>	<b>-10.6</b>	<b>-5.0</b>	<b>-11.8</b>	<b>-20.8</b>
<i>Cash flow from changes in working capital</i>	<i>-13.2</i>	<i>-59.4</i>	<i>-50.3</i>	<i>-54.1</i>	<i>-86.8</i>
<b>Cash flow from operating activities</b>	<b>-17.4</b>	<b>-70.0</b>	<b>-55.4</b>	<b>-65.9</b>	<b>-107.6</b>
Cash flow from investing activities	-	-0.0	-	-0.0	-
Cash flow from financing activities	21.5	95.0	76.6	90.9	108.3
<b>Net change in cash and cash equivalents</b>	<b>4.1</b>	<b>24.9</b>	<b>21.3</b>	<b>24.9</b>	<b>0.7</b>
Cash and cash equivalents beginning of the period	17.9	-0.0	0.7	-	-
<b>Cash and cash equivalents end of the period</b>	<b>22.0</b>	<b>24.9</b>	<b>22.0</b>	<b>24.9</b>	<b>0.7</b>

## PARENT COMPANY CHANGE IN EQUITY

MSEK	30 JUN 2020	30 JUN 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	147.3	1,116.7	1,178.1
Transaction Costs	-11.0	-	-
Distributed to shareholders/Indentive Värdepapper	-	-21.8	-21.8
Shareholder contribution	-	1.7	1.7
Results for the period	-7.8	-14.3	-874.3
<b>Amount Carried Forward</b>	<b>437.0</b>	<b>1,106.9</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 30 July 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

Tel: +46 (0) 8 663 54 50

Head Office and visiting address: Artificial Solutions International AB, Stureplan 15 SE-111 45 Stockholm, Sweden Tel: +46 8 663 54 50

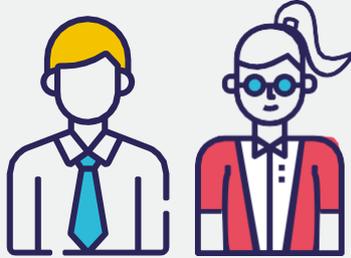
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111



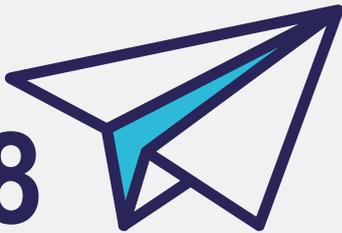
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11



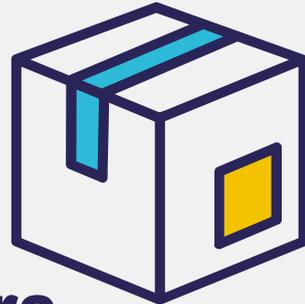
offices

8



industries

23



partners

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