

QUARTERLY REPORT JANUARY TO MARCH 2021

IMPORTANT CUSTOMER WIN WITH NEW SAAS BUSINESS MODEL

JANUARY TO MARCH 2021

- Net sales amounted to 9.8 MSEK (15.3)
- Net sales adjusted*¹ amounted to 12.2 MSEK (12.9)
- Recurring revenues adjusted* amounted to 9.0 MSEK (7.7)
- Rolling 12 months recurring revenues adjusted* amounted to 34.7 MSEK (28.1)
- Usage revenues adjusted* amounted to 4.3 MSEK (1.5)
- Gross margin increased to 72% (60)
- EBITDA adjusted amounted to -13.3 MSEK (-25.1)
- Earnings per share amounted to -0.2 SEK (-0.7)

EVENTS DURING THE QUARTER

- Artificial Solutions recognized and selected as Microsoft Co-Sell Partner
- ISG nominated Artificial Solutions as a Leader in Intelligent Automation – Solutions and Services for Conversational AI
- Customers Banco BPM, Widiba and Monte dei Paschi in the banking industry extended their commitments with Teneo
- Artificial Solutions reduces annual operating run rate expenses from 178 MSEK to 105 MSEK – a 41% decrease

EVENTS AFTER THE QUARTER

- Strategically important SaaS deal with initial annual revenue value of 0.7 MSEK with large multinational US Tech company. Projected Year three ARR of 6.2 MSEK.
- Gartner highlighted Artificial Solutions as an Innovator for Conversational AI
- Teneo Platform now supports 84 official languages – most covered languages in the market
- Appointment of Marie Angselius Schönbeck as Chief Communication and Impact Officer

KEY FIGURES (For definitions please see page 17 * for adjusted revenues clarification on pages 4-5)

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net sales adjusted*	12.2	12.9	46.8
Recurring revenues adjusted*	9.0	7.7	33.5
Rolling 12 months recurring revenues adjusted*	34.7	28.1	33.5
Usage revenues adjusted*	4.3	1.5	10.0
Net sales reported	9.8	15.3	53.8
Gross margin %	72%	60%	66%
Adjusted EBITDA	-13.3	-25.1	-78.3
Earnings per share, SEK	-0.2	-0.7	-3.2
Cash flow from Operations	-15.5	-18.3	-75.9

¹ The company has recalculated its Usage revenues to be aligned with the new SaaS model's "pay as you consume" principles. Please see pages 4-5 for adjusted revenues clarification.

CEO STATEMENT



Per Ottosson
CEO

We entered the first quarter 2021 with a new business and delivery model, and we are now a SaaS company delivering value in the Microsoft ecosystem. We added new functionality to our Conversational AI development platform making it the most extensive Conversational AI platform in the market. In the quarter, we continued to expand our footprint with existing customers and right after the quarter close, we won our second SaaS customer, a strategically very important customer.

At the beginning of the first quarter, Artificial Solutions presented LUIS^Teneo, a SaaS-based development suite and bot engine using Microsoft LUIS. LUIS^Teneo allows enterprises to build, scale and maintain LUIS-based bots with fewer resources improving conversational bot ROI and quality.

Shortly thereafter, we became a co-sell partner to Microsoft and launched Teneo, our Conversational AI development platform, in the Microsoft Azure Marketplace, an online store providing applications and services for use on Azure.

During the quarter, we announced support for 48 additional languages to Teneo, making it the most extensive Conversational AI language solution in the market. We estimate that the built-in language support in the platform covers close to 40% of the world's population. The platform now supports 84 official languages.

After the quarter close, we announced that a large North American Tech company has signed an agreement to integrate our Conversational AI technology to elevate its customer experience. The total revenue is determined by use, API-calls, over time. The client has the potential of generating ARR of 6.2 MSEK in year 3. The solution supports both chat and voice and will be delivered on Microsoft's cloud platform Azure. The deal also validates our technology and our new SaaS business and delivery model.

New Strategy Recognized by Leading Analysts

We have been recognized as leader with our LUIS^Teneo offering by the global research firms Gartner and ISG.

Gartner, the leading analyst firm in the IT Industry, has recognized the company as an Innovator in Conversational AI in the Gartner report 'Emerging Technologies: Tech Innovators in Conversational AI and Virtual Assistants'. The report highlighted Artificial Solutions' strategy towards a modular and open platform and the recent launch of our LUIS ^ Teneo offering.

ISG is a renowned technology research and advisory firm. The 2020 ISG Provider Lens recognized Artificial Solutions' AI software solutions through its platform Teneo, and its outstanding ability for developers to build conversational AI apps. Teneo does more than leverage machine learning (ML) or linguistic approaches alone, by taking a hybrid approach that provides a meaningful context for regular linguistic actions.

Go to Market

We are driving our pipeline building based on three pillars:

1. Our customers find us and download our software on our developer's site. To support this, we added features to make our software easier to use and we made the signup process easy and free. We also remade our documentation and made it easily accessible to the developers.
2. In our outbound efforts we have developed campaigns that started going live towards the end of Q1.
3. Our Direct Sales organization is focused on making sure our existing customers continue to grow and to work on the larger, strategic opportunities we have defined.

These three pillars are coming together and after the quarter-end we inked our first strategic deal, and we are building a promising pipeline for the rest of the year.

High Activity in M&A – Consolidation to Continue

I wanted to take the opportunity to comment on Microsoft's acquisition of Nuance and Nordic Capital entering the Conversational AI market. The interest in Natural Language solutions and our strategy increased with Microsoft's announcement of a 19.7 BUSD acquisition of Nuance. Microsoft has stated that its focus is on expanding cloud-based services in Healthcare. Due to compliance and regulations, much of US Healthcare is still run in old on-prem IT-infrastructure. This opens up a large market for Microsoft, where competing ecosystems like Apple and Google have focused on B2C – Microsoft now gets the doctors as customers and can build a B2B presence.

Nuance's revenues rely on producing journals from Natural Language interactions between doctors and patients, and their technology is not mentioned by Microsoft. As their customers will likely need to migrate to Azure-based solutions, LUIS^Teneo can make that migration easier as all needed integrations are ready made and conversations can be imported. It is not expected by any analysts that Nuance will have any negative effect on the platform-based model of Artificial Solutions.

Leading European private equity firm, Nordic Capital, also entered the Conversational AI market with the growth investment of 1 BNOK in Norwegian company Boost.ai in the first quarter of 2021. My view is that the consolidation will continue to materialize in the industry, and this is just the beginning.

Adding Marketing Competence to Our World-Class Management Team

It is my pleasure to announce that we are further strengthening our world-class management team with the appointment of our new Chief Impact Officer Marie Angselius who started right at the beginning of Q2. Marie comes from IPsoft (now Amelia) and brings a deep experience of market communication in our industry.

With Marie onboard, we have a solid management team in place with highly relevant expertise from building and scaling SaaS companies that will accelerate Artificial

Solutions growth journey.

Cost Base Reset and Aligned with New Strategy

As communicated in the Q4 2020 interim report, we have changed the company's internal organization and structure to align our operations with our new business and delivery model. This work has been executed on plan and has been well-received internally as well as externally by customers, suppliers, and shareholders.

In the first quarter of 2021, we reported operating expenses of 26.3 MSEK compared with 44.4 MSEK in the same period 2020, a reduction of 41 %. With this cost base, we also meet our guidance to report annual run-rate operating expenses of 105 MSEK in the first quarter of 2021. This reset of our cost base enables the company to continue the business financed from operations or increase the investment pace to follow the market.

Technology Multiplying the Power of Conversational AI

Artificial Solutions' technology speeds up the development of advanced solutions for conversational AI, regardless of platform. Solutions based on our technology have higher scalability, a more significant number of languages and larger transaction volumes. With the strong development team that makes this possible we have a real opportunity to establish ourselves as an accelerator with leading players in conversational AI, including Microsoft.

Our technology can scale from a simple chatbot to handle hundreds of thousands of sessions every day in different languages. This can also be applied horizontally, which opens an even larger market. With one of the most technologically advanced platforms on the market, our SaaS-based model will help our customers become productive and competitive. The team at Artificial Solutions will accelerate the growth that Teneo deserves.

We believe we have a strong foundation for the future. We can see this in the increased number of customer discussions we are involved in, and we are very happy that one of the strategic deals we have identified was closed right after the closing of the first quarter.

Per Ottosson, CEO

SALES DEVELOPMENT

NEW REVENUE MODEL AND CHANGES OF KEY RATIOS

In the fourth quarter report 2020, we communicated that because of the introduction of the new SaaS business and delivery model, order intake and order backlog will not be used as key ratios going forward. Under the new SaaS business model, there will be a focus on recurring revenues from 1 and 2 below and acquisition of new customers.

The new SaaS business model also means that revenues will be recognized as the benefits are consumed. So, the revenue recognition will happen close to the actual usage/consumption of the product/services going forward. This is applicable for all revenue types highlighted below in items 1 to 4.

The revenue streams in the new SaaS business and delivery model are:

1. Subscription revenues from **Teneo Studio** – based on number of users.
2. API calls generated in **Teneo Engine** – based on number of API calls.
3. **Teneo Data** – analytics platform to review users' conversations and enhance the conversational AI solutions. Revenues based on ingested data.
4. **Expert Services** – mainly Training services and select professional services.

The subscription revenues in 1. above are to some extent linked to what the company has reported as License revenue. API call revenues in 2. are to some extent linked to what the company has reported as Usage revenues but going forward will be directly linked to the actual usage. The Teneo Data revenues in 3. are based on ingested data. Expert services revenues in 4. are based on fees for training sessions and any other expert services is based on daily rates.

PREPARATION OF ADJUSTED REVENUES TO ALIGN TO THE NEW BUSINESS MODEL

To align the old business model and historical reported sales numbers to the new SaaS business model and revenue recognition when using/consuming the benefits – i.e., apply revenue recognition over the lifetime of a contract or when the benefits are consumed – we have prepared adjusted revenues. The purpose with this preparation is to provide better guidance on our underlying contracts and revenues and to align old way of recognizing revenues with the new SaaS business model.

The only difference in the revenue recognition relate to recognition of Usage revenues. Previously a committed and invoiced Usage contract by a customer was recognized to 100% at the time of invoicing – regardless of the length of the contract. Applying the new SaaS business model principles would instead mean that such Usage would be recognized as consumed or proportionally over the lifetime of the contract.

Below is a table showing the actual reported quarterly revenue from the first quarter 2020 to the first quarter 2021 split by License & Support, Usage and Other, and the adjusted revenues for the same types of revenue categories. The delta between actual reported revenues and adjusted revenues can be seen only for the category Usage revenues.

MSEK	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR
	2020	2020	2020	2020	2021
License & Support	6.2	6.2	6.5	4.6	4.6
Usage	3.9	5.6	4.4	3.0	1.9
Other	5.2	3.6	2.4	2.1	3.3
Total Net Sales	15.3	15.4	13.3	9.7	9.8
License & Support Adjusted	6.2	6.2	6.5	4.6	4.6
Usage Adjusted	1.5	2.6	2.4	3.4	4.3
Other Adjusted	5.2	3.6	2.4	2.1	3.3
Total Net Sales Adjusted	12.9	12.4	11.4	10.1	12.2

The Usage contracts derived in the old business model have been restated proportionally over the lifetime of the contract or based on actual usage consumption. This restatement of the adjusted usage revenues better match the new SaaS business model and harmonize with the revenue recognition principles ahead. The company will formally restate and audit the adjusted revenue numbers for comparable purposes for the full year 2021.

ADJUSTED RECURRING REVENUES KEY IN TRANSITIONING INTO THE SAAS MODEL

Adjusted recurring revenues – license and support together with usages revenues – are key for any software company. Despite a challenging year in 2020 in terms of sales to new customers, the adjusted recurring revenues have continued to grow.

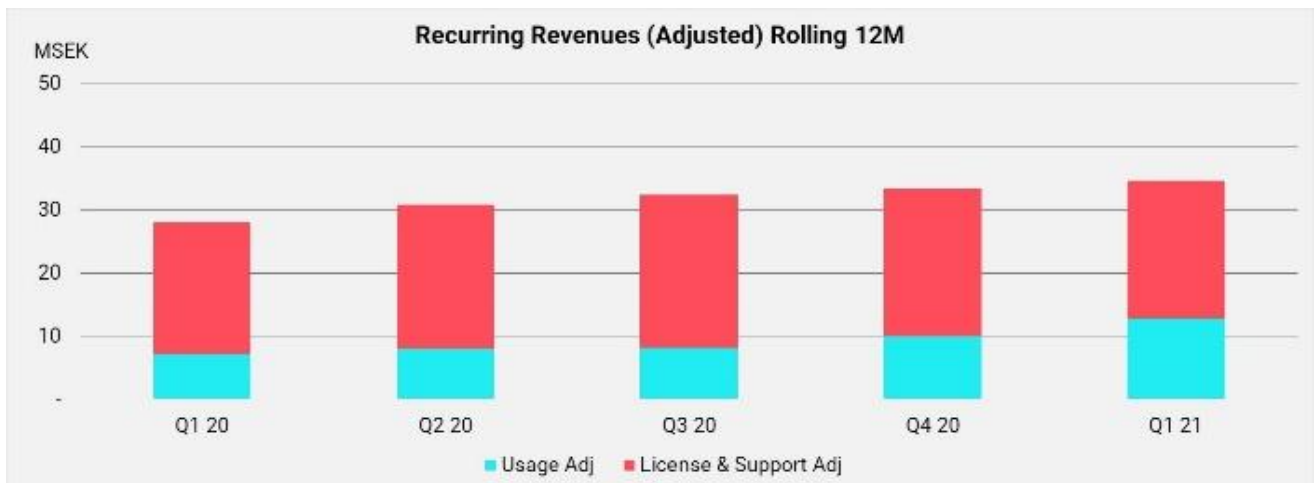
The adjusted recurring revenues (Usage, License and Support) for the first quarter 2021 amounted to 9.0 MSEK (7.7), equivalent to 73% (60) of adjusted total net sales and an increase of 16% compared with the same period last year. The adjusted usage revenues (Usage) for the first quarter 2021 amounted to 4.3 MSEK (1.5), equivalent to 35% (12) of adjusted total net sales and an increase of 181% compared with the same period last year.

On a rolling 12-month basis the adjusted recurring revenues (Usage, License and Support) for the first quarter 2021 amounted to 34.7 MSEK (28.1), equivalent to 75% (58) of total adjusted net sales and an increase of 23% compared with the same period last year. The comparable number for 12 months rolling adjusted recurring revenues amounted to 33.5 MSEK in the fourth quarter 2020.

On a rolling 12-month basis the adjusted usage revenues (Usage) for the first quarter 2021 amounted to 12.8 MSEK (7.1), equivalent to 28% (15%) of total adjusted net sales and an increase of 80% compared with the same period last year. The comparable number for 12 months rolling adjusted usage revenues amounted to 10.0 MSEK in the fourth quarter 2020.

The adjusted recurring revenues highlight the strength in our installed base of customers and the underlying customer contracts. The adjusted recurring revenues is also a good proxy of what is our ARR (annual recurring revenues) from our existing customer contracts (excluding growth in API calls and number use cases). The impact from new signed customer deals on the SaaS business model in 2021 and 2020 is limited.

Our existing customers and the adjusted recurring revenues derived from them will be the foundation, together with new customer wins on the new SaaS business model, in Artificial Solutions transitioning into a full-scale SaaS company.



JANUARY TO MARCH 2021

Net sales for the first quarter 2021 amounted to 9.8 MSEK (15.3), equivalent to a decrease of 36% compared to the same period last year. The recurring revenues (Usage+License+Support) in the first quarter 2021 amounted to 6.6 MSEK (10.1), equivalent to 67% (66) of total net sales. A high percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our transitioning to the SaaS model. For information related to adjusted recurring revenues for more alignment to the new SaaS principles, please see section Sales Development in this report on pages 4 and 5.

Personnel costs in the first quarter 2021 amounted to -17.6 MSEK (-31.3), a decrease of 44% compared to the same period last year. Headcount has decreased from 114 at the end of the first quarter 2020 to 69 at the end of the first quarter 2021. The reduction in headcount is due to the changed business and delivery model and related organizational adjustment carried out by the company in the fourth quarter of 2020.

Depreciation and amortisation in the first quarter 2021 amounted to -3.2 MSEK (-3.4). Capitalized R&D for the same period amounted to 2.2 MSEK (3.9). The decrease of 1.7 MSEK is due to the reduction in HC and therefore in the number of hours worked on developing the platform.

Total operating expenses, including depreciation and amortization, in the first quarter 2021 amounted to -29.5 MSEK (-47.8). The decrease is due to the impact of the cost reduction measures the company carried out in the fourth quarter of 2020.

Considering the major reorganization of the company in the fourth quarter 2020, the company guided on the annual run rate operating expenses, excluding depreciation and amortization, for the first quarter 2021 in the quarterly report for the fourth quarter 2020. The company then communicated that the annual operating expenses in the first quarter 2021 were estimated to approximately 105 MSEK. We can now conclude that the annual operating expenses in the first quarter 2021 is 105 MSEK, which means that the annual run rate for the operating expenses has been reduced from 178 MSEK in the first quarter 2020 to 105 MSEK in the first quarter 2021.

FINANCIAL ITEMS AND TAX

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2020 or 2021. Net financial items for the first quarter 2021 amounted to 5.6 MSEK (-2.7). The improved net financial items compared with the same period last year is a result from repayment of external debt together with unrealized currency exchange rate difference impact.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash flow from operating activities for the first quarter 2021 amounted to -15.5 MSEK (-18.3). The lower use of cash in 2021 compared with in 2020 relates mainly to the cost reduction carried out by the company in December 2020.

In January 2021, the company received cash payment of 7.3 MSEK (5.5) from the Spanish Tax Authority following completed R&D review of R&D investments.

To finance the negative cash flow from operating activities in the first quarter 2021, the company has drawn down 20 MSEK from its convertible loan notes program.

The company's cash & bank position as of 31 March 2021 amounted to 22.1 MSEK (37.2). As of 31 March 2021, the company also had unutilized convertible notes of up to 15 MSEK which the company itself can decide to use or not.

With the before mentioned steps, it is the board of directors' expectation that the Group 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.

In the first quarter 2021, net sales amounted to 0.7 MSEK (0.7). This is revenue from a single customer agreement entered into with the Parent Company. For the first quarter 2021 operating expenses amounted to -1.9 MSEK (-2.9), the decrease is directly derived from the reduction in structure and costs carried out at the end of 2020.

Net financial items for the first quarter 2021 amounted to 4.9 MSEK (4.0) of which 7.1 MSEK are due to unrealized currency exchange rate adjustments and -3.4 MSEK due to realized currency exchange rate adjustments. During the first quarter 2021 the company has reversed 2.9 MSEK of a provision for an intercompany receivable that was booked at the end of 2020.

FINANCING

On October 4, 2020, the company entered into a convertible note agreement with Nice & Green S.A. ("N&G"). The funding is provided by N&G, a Swiss company specialized in financing solutions tailored for listed growth companies.

According to the convertible note agreement, N&G undertakes to subscribe for convertible notes with an aggregate nominal value of up to 60 MSEK, in tranches of up to 10 MSEK per month for the two initial months.

Artificial Solutions has committed to utilize 20 MSEK of the commitment, with the option to utilize up to an additional SEK 40 MSEK. Following utilization of the initial 20 MSEK, Artificial Solutions can decide if, and when, the remaining tranches will be drawn.

Artificial Solutions' board of directors resolved on October 4, 2020, to utilize the first tranche of 10 MSEK.

Each tranche of convertible notes will have a maturity of 12 months, zero interest and be unsecured and non-transferable. The convertible notes can be converted into shares with a 7 percent discount in relation to the market price of Artificial Solutions' share price at the time of conversion, according to a defined schedule. Artificial Solutions has the right to instead redeem the convertibles in cash upon payment of a fee corresponding to 3 percent of the nominal amount. The amounts that N&G is entitled to convert to shares during any given month is restricted in order to restrict dilution and avoid the creation of an over-supply of shares. The amount of 20 MSEK that Artificial Solutions has committed to utilize will lead to a dilution of around 4 % based on the share's closing price on October 1, 2020 (SEK 11.15).

New shares issued upon conversion will have the same rights as other ordinary shares and will be admitted to trading on Nasdaq First North Growth Market. The number of new shares issued in connection with the conversion of convertible notes will be announced by Artificial Solution on the company's webpage in the Investors section.

The company has utilized 45 MSEK of the convertible loan agreement with N&G, and of which 17.5 MSEK have been converted into shares and 27.5 MSEK is a short-term loan.

On June 5, 2021, Artificial Solutions has a 52 MSEK bond that will be due. The company has discussions with the bondholders and the intention is to extend and refinance the bond.

SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the company 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 <https://www.investors.artificial-solutions.com/company-description>.

RELATED-PARTY TRANSACTIONS

During the first quarter 2021, 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 2022 and an earlier termination is under negotiation. The agreement is at market rates.

The company 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 end of March 2021 is 69 (114). The number of full-time equivalent employees in the Group on March 31, 2021 amounted to 61 (108).

EVENTS DURING THE QUARTER

ORGANIZATION

Daniel Eriksson appointed as Chief Innovation & Customer Success Officer from January 2021.

Also, a number of key recruitments within front-end and sales organization with long experience from driving successful SaaS sales to support the new business and delivery model have been appointed and will continue to join the company.

CUSTOMERS

Existing customers from the financing sector (Banco BPM, Widiba and Monte dei Paschi) have extended their commitment to Teneo Platform during the quarter.

Artificial Solutions was recognized and selected by Microsoft as Microsoft Co-Sell Partner.

ISG, a renowned technology research and advisory firm, presented Artificial Solutions as a Leader in its Intelligent Automation – Solutions and Services for Conversational AI report.

R&D

The 2019 R&D tax credit of 6.1 MSEK, has been approved by the Spanish tax authorities and it is expected to be received first quarter of 2022. The tax credit is a subsidy provided to companies with a high degree of technological know-how.

LEGAL COMPANY CHANGES

On December 9, 2020, the company communicated its decision to simplify its legal structure with fewer operating/non-operating subsidiaries and reducing the headcount to the new SaaS business and delivery model and organization. The main objective with these activities were to reduce our operating costs as well as simplifying our operations.

Our French and Singaporean subsidiaries have been voluntarily liquidated and sold during the fourth quarter 2020 and our UK subsidiary, Artificial Solutions UK Ltd., is in the process for voluntary liquidation. This transaction is not expected to have any impact on sales or operating expenses in 2021.

EVENTS AFTER THE QUARTER

Artificial Solution signs SaaS deal with initial annum subscription revenue value of 0.7 MSEK with large multinational US Tech company.

The leading analyst firm in the IT industry, Gartner, highlighted Artificial Solutions as a Practical Innovator for Conversational AI and Microsoft as Disrupter.

The company has expanded the Teneo Platform to cover 84 languages spoken natively by 3 billion people. Artificial Solutions thereby now has the most extensive Conversational AI language solution in the market, covering close to 40% of the world's population.

Marie Angselius Schönbeck was appointed as Chief Communication and Impact Officer on April 14, 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 March 31, 2021 was 49,419,721 shares.

	31 MAR 2021	31 MAR 2020
Number of shares at the end of the period	49,419,721	43,243,663
Average number of shares before dilution	48,661,587	31,712,020
Average number of shares after dilution	52,316,502	32,885,783

The 10 largest shareholders on March 31, 2021 are listed below:

Shareholder	Capital %
Scope	33.97%
AFA Insurance	5.17%
SEB-Stiftelsen	4.45%
Nice & Green	3.49%
C WorldWide Asset Management	2.75%
Johan A. Gustavsson	2.60%
Ulf Johansson	2.39%
John Brehmer	1.52%
Sven Härgestam	1.44%
Avanza Pension	1.34%

SHARE-RELATED INCENTIVE PROGRAM

There are three existing incentive programs: Incentive Program 2019/2022, Incentive Program 2019/2024, and Incentive Program 2020/2025 1-2.

The total amount of outstanding warrants per program and strike price is:

Programs	Number of warrants	Strike Price (SEK)
2019/2022	195,628	32.87
2019/2024	978,135	32.87
2020/2025:1	769,280	17.70
2020/2025:2	149,372	17.70

AUDIT REVIEW REPORT

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

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting (AGM) of Artificial Solutions International AB (publ) will be held in Stockholm, on June 18, 2021. The Annual Report for 2020 will be published no later than on May 28, 2021.

FINANCIAL CALENDAR

- Interim report for the second quarter of 2021: August 10, 2021
- Interim report for the third quarter of 2021: October 28, 2021

Stockholm, April 27, 2021

Per Ottosson, CEO

Artificial Solutions financial reports are available at the corporate website: www.investors.artificial-solutions.com/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 07:30 a.m. CET on April 27, 2021.

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 (<https://www.penser.se>, tfn +46 (0) 8-463 83 00, e-post certifiedadviser@penser.se).

FINANCIAL OVERVIEW GROUP

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net Sales	9.8	15.3	53.8
Gross Margin	7.1	9.3	35.6
Gross Margin %	72%	60%	66%
EBITDA	-14.3	-25.1	-91.6
<i>Adjusted EBITDA</i>	-13.3	-25.1	-78.3
Operating loss	-17.5	-28.6	-97.8
<i>Adjusted Operating loss</i>	-16.3	-28.6	-84.2
Earnings per share, SEK	-0.2	-0.7	-3.2
Equity ratio	-2.7	-1.1	-2.2

MEUR	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net Sales	1.0	1.4	5.1
Gross Margin	0.8	0.9	3.4
Gross Margin %	72%	60%	66%
EBITDA	-1.4	-2.3	-8.7
<i>Adjusted EBITDA</i>	-1.3	-2.3	-7.4
Operating loss	-1.7	-2.7	-9.3
<i>Adjusted Operating loss</i>	-1.6	-2.7	-8.0
Earnings per share, EUR	-0.0	-0.1	-0.3
Equity ratio	-2.7	-1.1	-2.2

GROUP FINANCIAL STATEMENTS

GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net Sales	9.8	15.3	53.8
Capitalized amount for own accounts	2.2	3.9	9.7
Other operating income	0.0	-	10.4
Total operating income	12.0	19.2	73.9
Personnel costs	-17.6	-31.3	-116.1
Other external costs	-8.7	-13.0	-43.5
Depreciation and amortization on fixed assets	-3.2	-3.4	-12.1
Other operating expenses	0.0	-	-0.0
Total operating expenses	-29.5	-47.8	-171.7
Operating loss	-17.5	-28.6	-97.8
Net financial items	5.6	-2.7	-56.4
Loss after financial items	-11.9	-31.3	-154.2
Tax on result for the period	0.0	-0.2	-0.2
NET RESULT FOR THE PERIOD	-11.9	-31.5	-154.4

GROUP CONSOLIDATED BALANCE SHEET

MSEK	31 MAR 2021	31 MAR 2020	31 DEC 2020
ASSETS			
Non-current assets			
Capitalised expenditure for licensed software and development	29.5	34.3	29.8
Equipment, furniture, and fitting	1.2	1.7	1.3
Other non-current receivables	3.4	5.6	3.3
Total non-current assets	34.1	41.7	34.4
Current assets			
Current receivables	16.5	28.8	22.5
Cash and bank balances	22.1	37.2	20.1
Total current assets	38.6	66.0	42.6
TOTAL ASSETS	72.7	107.6	77.0
EQUITY AND LIABILITIES			
Equity			
Share capital	89.0	77.8	87.4
Share premium reserve	1,212.0	1,181.7	1,206.1
Other equity including result for the period	-1,493.0	-1,378.5	-1,466.2
Total Equity	-192.0	-119.0	-172.7
Non-current liabilities			
Liabilities to other lenders	121.1	1.9	115.7
Total non-current liabilities	121.1	1.9	115.7
Current liabilities			
Liabilities to other lenders	82.4	175.5	70.4
Current liabilities	12.8	15.1	11.9
Accrued expenses and deferred income	48.5	34.1	51.6
Total current liabilities	143.6	224.7	134.0
TOTAL EQUITY AND LIABILITIES	72.7	107.6	77.0

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Operating Activities			
Operating Loss	-17.5	-28.6	-97.8
Depreciation/amortization on assets	3.2	3.4	12.1
Adjustments for items not included in cash flow	4.1	0.5	-10.9
Interest Paid and received	-9.1	-3.1	-17.4
Taxation paid and received	7.0	4.7	5.3
Cash flow from operating activities before changes in working capital	-12.2	-23.1	-108.7
Cash flow from changes in working capital	-3.3	4.8	32.8
Cash flow from operating activities	-15.5	-18.3	-75.9
Cash flow from investing activities	-2.4	-4.0	-10.4
Cash flow from financing activities	20.0	55.1	102.0
Net change in cash and cash equivalents	2.1	32.7	15.6
Cash and cash equivalents beginning of the period	20.1	4.4	4.4
Cash and cash equivalents end of the period	22.1	37.2	20.1

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	31 MAR 2021	31 MAR 2020	31 DEC 2020
Amount Brought Forward	-172.7	-190.4	-190.4
New Issue of Shares	7.5	120.5	157.3
Transaction costs	-0.0	-8.5	-11.4
Warrant premiums	0.3	0.5	2.5
Results for the period	-11.9	-31.5	-154.4
Translation difference	-15.2	-9.6	23.7
Amount Carried Forward	-192.0	-119.0	-172.7

KEY RATIOS

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net Sales	9.8	15.3	53.8
Net Sales Adjusted*	12.2	12.9	46.8
Recurring Revenues Adjusted*	9.0	7.7	33.5
Recurring Revenues Adjusted %	73%	60%	71%
Usage Revenues Adjusted*	4.3	1.5	10.0
Usage Revenues Adjusted %	35%	12%	21%
Gross Margin	7.1	9.3	35.6
Gross Margin %	72%	60%	66%
Adjusted EBITDA	-13.3	-25.1	-78.3

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Net Sales	0.7	0.7	2.4
Other operating income	-	-	0.7
Total operating income	0.7	0.7	3.1
Other external costs	-1.9	-2.9	-17.8
Other expenses	-	-	-
Total operating expenses	-1.9	-2.9	-17.8
Operating loss	-1.2	-2.1	-14.6
Net financial items	4.9	4.0	-10.8
Result after financial items	3.7	1.8	-25.4
Tax on result for the period	-	-0.2	-0.2
NET RESULT FOR THE PERIOD	3.7	1.6	-25.7

PARENT COMPANY BALANCE SHEET

MSEK	31 MAR 2021	31 MAR 2020	31 DEC 2020
ASSETS			
Non-current assets			
Receivable from Group companies	193.2	144.6	176.4
Financial assets	281.7	281.0	281.7
Total non-current assets	474.9	425.6	458.1
Current assets			
Current receivables	1.1	5.8	1.2
Cash and bank balances	13.9	17.9	7.4
Total current assets	15.1	23.7	8.6
TOTAL ASSETS	490.0	449.3	466.7
EQUITY AND LIABILITIES			
Equity			
Share capital	89.0	77.8	87.4
Share premium reserve	1,212.0	1,181.7	1,206.1
Other equity including result for the period	-860.1	-837.6	-863.9
Total Equity	440.9	421.9	429.6
Non-current Liabilities			
Liabilities to other lenders	13.8	-	13.2
Total non-current liabilities	13.8	-	13.2
Current liabilities			
Liabilities to other lenders	30.2	20.7	17.6
Current liabilities	3.3	5.1	3.6
Accrued expenses and deferred income	1.9	1.6	2.6
Total current liabilities	35.4	27.4	23.9
TOTAL EQUITY AND LIABILITIES	490.0	449.3	466.7

PARENT COMPANY CASH FLOW STATEMENT

MSEK	JAN-MAR 2021	JAN-MAR 2020	JAN-DEC 2020
Operating Activities			
Operating loss	-1.2	-2.1	-14.6
Depreciation/amortization on assets	-	-	-
Adjustments for items not included in cash flow	0.2	2.5	-1.8
Interest paid and received	-4.6	-1.0	-1.8
Taxation paid and received	0.0	-0.2	-0.2
Cash flow from operating activities before changes in working capital	-5.6	-0.8	-18.4
Cash flow from changes in working capital	-7.9	-37.1	-76.7
Cash flow from operating activities	-13.5	-37.9	-95.1
Cash flow from investing activities	-	-	-
Cash flow from financing activities	20.0	55.1	101.8
Net change in cash and cash equivalents	6.5	17.2	6.7
Cash and cash equivalents beginning of the period	7.4	0.7	0.7
Cash and cash equivalents end of the period	13.9	17.9	7.4

PARENT COMPANY CHANGE IN EQUITY

MSEK	31 MAR 2021	31 MAR 2020	31 DEC 2020
Amount Brought Forward	429.6	308.4	308.4
New Issue of Shares	7.5	120.5	157.3
Transaction Costs	-	-8.5	-11.4
Warrants	-	-	1.0
Results for the period	3.7	1.6	-25.7
Amount Carried Forward	440.9	421.9	429.6

DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR

FINANCIAL MEASURES	DESCRIPTION
Adjusted Usage Revenue	The amount of revenue derived solely from the usage of the Teneo Platform. Refer to pages 4-5 for adjusted* usage revenue.
Adjusted Usage Revenue as % Total Revenue	Is calculated as the total usage revenue in the period as a percent of Total Revenue from Operations in the period.
Adjusted Recurring Revenue	Combined amount of revenue derived from Usage, License and Support revenues. Refer to pages 4-5 for adjusted* recurring revenue.
Adjusted Recurring Revenue as % Total Revenue	Is calculated as the total recurring revenue in the period as a percent of Total Revenue from Operations in the period.
Gross Margin % Revenue	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.
Net Sales	Reported net sales.
EBITDA	Earnings before interest, tax, depreciation, and amortization.
Adjusted EBITDA	Earnings before interest, tax, depreciation, and amortization adjusted for the one-off restructuring costs.
Average number of shares before dilution	Average number of shares during the period.
Average number of shares after dilution	Average number of shares during the period including number of shares at full dilution.

CONFERENCE CALL

The report will be presented by Per Ottosson, CEO, and Fredrik Törgren, CFO, at a telephone conference on April 27, 2021 at 10:00 a.m. CET.

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

Denmark:	+45 32714988
United Kingdom:	+44 (0) 203 059 58 69
United States:	+1 760 294 16 74
Norway:	+47 23960036
France:	+33 170918701
Spain:	+34 917699494
Sweden:	+46 8 505 10 039

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

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ABOUT ARTIFICIAL SOLUTIONS

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employees



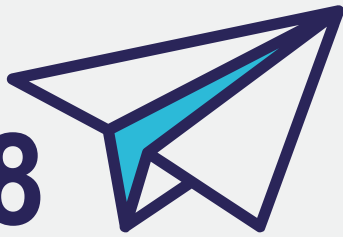
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offices



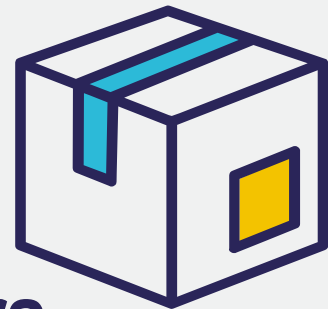
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industries



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partners



Artificial Solutions® (SSME:ASAI) is the leading specialist in Conversational AI. We enable communication with applications, websites, and devices in everyday, humanlike natural language via voice, text, touch, or gesture input.

Artificial Solutions' advanced conversational AI Teneo®, allows business users and developers to create sophisticated, highly intelligent applications that run across 84 languages and dialects, multiple platforms, and channels in record time. The ability to analyse and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of data insight that reveal what customers are truly thinking.

Artificial Solutions' conversational AI technology makes it easy to implement a wide range of natural language applications such as virtual assistants, conversational bots, speech-based conversational UIs for smart devices and more. It is already used daily by millions of people across hundreds of private and public sector deployments worldwide.

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, tfn +46 (0) 8-463 83 00, e-post certifiedadviser@penser.se). For more information, please visit www.artificial-solutions.com.



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