

QUARTERLY REPORT JULY TO SEPTEMBER 2021

SAAS BUSINESS GROWING AND FINANCING SECURED

JULY TO SEPTEMBER 2021

- Net sales amounted to 11.0 MSEK (13.3)
- Net sales adjusted*¹ amounted to 11.9 MSEK (11.5)
- Recurring revenues adjusted* amounted to 9.5 MSEK (9.0)
- Rolling 12 months recurring revenues adjusted* amounted to 35.3 MSEK (32.7)
- Usage revenues adjusted* amounted to 4.2 MSEK (2.5)
- Gross margin decreased to 69% (71)
- EBITDA adjusted amounted to -13.9 MSEK (-17.9)
- Earnings per share amounted to -0.4 SEK (-0.7)

JANUARY TO SEPTEMBER 2021

- Net sales amounted to 29.1 MSEK (44.1)
- Net sales adjusted*¹ amounted to 34.9 MSEK (37.0)
- Recurring revenues adjusted* amounted to 27.2 MSEK (25.8)
- Usage revenues adjusted* amounted to 12.2 MSEK (6.9)
- Gross margin increased to 69% (67)
- EBITDA adjusted amounted to -45.6 MSEK (-62.8)
- Earnings per share amounted to -0.8 SEK (-2.2)

EVENTS DURING THE QUARTER

- Joined the Azure IP Co-Sell, incentivized partnership with Microsoft
- Signed a LUIS^Teneo SaaS deal together with our partner Microsoft with telecom operator A1 Bulgaria
- A large system integrator and partner signed up for and deploys LUIS^Teneo for its business
- Large Multinational US Tech company ordered continued expansion in US and Japan from our partner
- Signed renewal agreement with a US Government and Circle K
- Appointment of Nicolas Köllerstedt as Chief Revenue Officer
- Appointment of Gavriella Schuster, former Corporate Vice President, Microsoft, One Commercial Partner, as Advisory Board Chair

EVENTS AFTER THE QUARTER

- Successfully secured 250 MSEK in new 5-year credit facility to refinance existing debt and support continued growth
- Signed renewal agreement with Scania, a world-leading provider of transport solutions
- Repayment of 52 MSEK bond

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 18 * FOR ADJUSTED REVENUES CLARIFICATION ON PAGES 4-5)

MSEK	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net sales adjusted*	11.9	11.5	34.9	37.0	47.3
Recurring revenues adjusted*	9.5	9.0	27.2	25.8	33.9
Rolling 12 months recurring revenues adjusted*	35.3	32.7	35.3	32.7	33.9
Usage revenues adjusted*	4.2	2.5	12.2	6.9	10.4
Net sales reported	11.0	13.3	29.1	44.1	53.8
Gross margin %	69%	71%	69%	67%	66%
Adjusted EBITDA	-13.9	-17.9	-45.6	-62.8	-78.3
Earnings per share, SEK	-0.4	-0.7	-0.8	-2.2	-3.2
Cash flow from Operations	-16.8	-28.3	-47.1	-57.5	-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

Dear shareholders, colleagues, customers, and partners,

As I write this I am on a flight to Munich where one of our customers have gone live in record time. This is symbolic. Our Transformation is complete. The world is almost back to something that resembles normal, and we have great customers.

Transformation

In less than nine months, we have moved from a License + Professional Service model to a Kubernetes based SaaS model. We have achieved our first customer milestones with some of the best references in the market and we have moved our partnership with Microsoft into high gear. On top of that we have restructured the cost base as well as refinanced the balance sheet.

I am incredibly proud of what the team has achieved in such record time. It has been blood, sweat and tears. It has been late nights and go-lives in weekends. The timeline is always tight - but we made it. The market turned around and to capture the demand we needed a new base to grow from and we are there.

Our Customers

The proof that we are on the right track is that as of the end of the third quarter, we have signed up six new customers and extended contract with four existing customers. These were all highly competitive bids that we won. And many of these customers are references both for us and Microsoft.

A1 Bulgaria is a great example of where Microsoft's trusted Cloud Azure and our Development Environment and Engine in LUIS^Teneo makes it possible to build cutting edge solutions. Recently Scania extended its

relationship with us and Circle K not only signed an extension with us, but also went on stage with us at the London AI Summit to talk about how they will continue to rollout in new countries across their company. A large Nordic retailer made the decision to roll out our technology across all brands and businesses. And two of the new large customers signed in the second quarter went live three months before schedule thanks to the new scalable SaaS platform.

Continued Growth

Our adjusted net sales keep growing and this now mainly consists of recurring revenues as we are focusing on product sales to create long-term value for shareholders. The new customers we see will be our base clients on our SaaS platform are yet to contribute in any meaningful way to revenues as they have only just started to ramp-up. Overall, we are on a positive revenue trajectory despite little revenue impact from the new customer inflow during the year. We experienced quarter over quarter (q-o-q) growth on all our revenue metrics and the q-o-q adjusted net sales grew with 11%. In the third quarter, recurring revenues derived from SaaS customers constituted 14% of total adjusted recurring revenue. This number is expected to grow as we add more customers to the SaaS model and as they are ramping up on API call volumes.

Investments

We are now making careful investments to expand from the base we have built. We started with Marketing and kicked off in the quarter with two strong campaigns - one in the US and one in EMEA and the US. Our new Chief Revenue Officer Nicolas Köllerstedt joined us from Snowflake in September to take on the task to build a strong sales team. Nicolas built Snowflake Nordics and Baltics from scratch and can't wait to do the same expansion with our sales. Another route to market we are now investing in is making it easy for our customers to start building solutions in our platform. Today anyone can start using LUIS^Teneo and access resources and documentation for free. Only when going into production you need to contract with us. All thanks to the SaaS model.

Financing

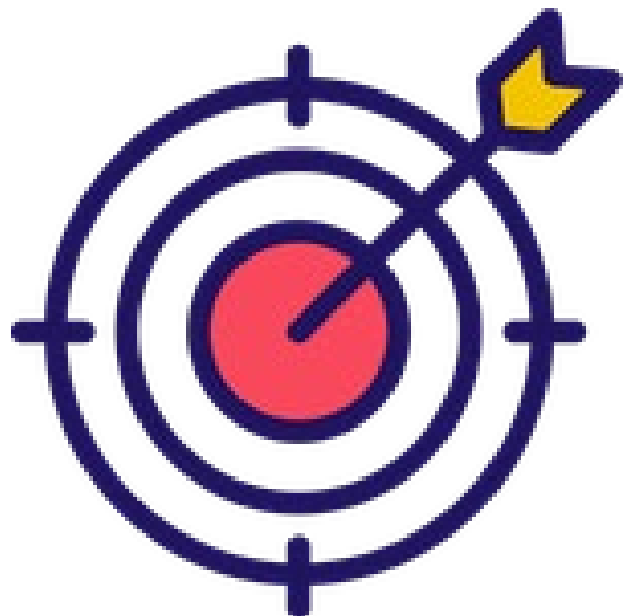
As an early starter in the Conversational AI space, we have the technological foundations that many of our competitors and partners build on today. And we have patented these. These patents have increased in importance in the last two years where the forward citations have grown several hundreds of percent – the most forward citations of any patents in the field. This means two things: the patents have a value in themselves but also the fact that our technology is at the center of what the industry is building on is validating our approach.

We have used the value of these patents as a platform for securing our finances with an equity injection of 120 MSEK in the second quarter of 2021 and a new 5-year credit facility of 250 MSEK carrying a PIK interest (no cash interest costs before the end of the tenure) in October 2021. This means that financing our deficit as we grow revenues from the new customers on SaaS is no longer an issue. Our cash position end of September 2021 of 96 MSEK will be added with approximately 50 MSEK excluding transactional costs (net of repayment of our debt of approximately 200 MSEK). This means that we in the company can focus even more on executing on our strategy and it is also great news for customers.

Time is now

There has never been a better time for Conversational AI. Swisscom's Roger Dill took stage with us in London at AI Summit and showed how Swisscom's Net Promoter Scores increased as their system built on our software Teneo responded to 1.8 million phone calls. Imagine the ROI on such a solution! Great partners and customers are building great solutions on our technology and that is what makes me really excited for the future!

Per Ottosson, CEO



SALES DEVELOPMENT

NEW REVENUE MODEL AND CHANGES OF KEY RATIOS

In the fourth quarter 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 implies that revenues are recognized as the services are consumed. So, revenue recognition happens at 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 searchable data.
4. **Expert Services** – mainly Training and professional services.

The subscription revenues in 1. above are to some extent linked to what the company previously 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 searchable 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 services – i.e., apply revenue recognition over the lifetime of a contract or when the benefits are consumed – we have prepared adjusted revenues. The purpose of this preparation is to provide better guidance on our underlying contracts and revenues and to align the 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 third quarter 2020 to the third 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	JUL-SEP 2020	OCT-DEC 2020	JAN-MAR 2021	APR-JUN 2021	JUL-SEP 2021
License & Support	6.5	4.6	4.6	5.0	5.3
Usage	4.4	3.0	1.9	1.3	3.2
Other	2.4	2.1	3.3	1.9	2.4
Total Net Sales	13.3	9.7	9.8	8.2	11.0
License & Support	6.5	4.6	4.6	5.0	5.3
Usage Adjusted	2.5	3.5	4.3	3.8	4.2
Other	2.4	2.1	3.3	1.9	2.4
Total Net Sales Adjusted	11.5	10.2	12.2	10.7	11.9

The Usage contracts established under 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 is more comparable with the new SaaS business model and harmonize with the revenue recognition principles ahead.

ADJUSTED RECURRING REVENUES KEY IN TRANSITIONING INTO THE SAAS MODEL

Adjusted recurring revenues – license and support together with usage 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 third quarter 2021 amounted to 9.5 MSEK (9.0), equivalent to 80% (79) of adjusted total net sales. The adjusted usage revenues (Usage) for the third quarter 2021 amounted to 4.2 MSEK (2.5), equivalent to 35% (22) of adjusted total net sales and an increase of 64% compared with the same period last year.

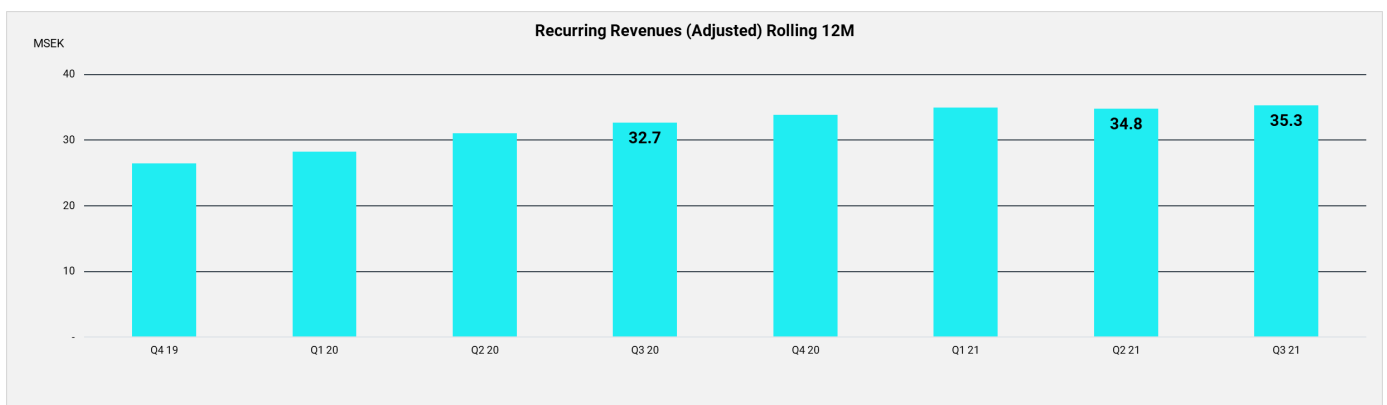
The adjusted recurring revenues (Usage, License and Support) for the first nine months of the year amounted to 27.2 MSEK (25.8), equivalent to 78% (70) of adjusted total net sales and an increase of 5% compared with the same period last year. The adjusted usage revenues (Usage) for the first nine months of the year amounted to 12.2 MSEK (6.9), equivalent to 35% (17) of adjusted total net sales and an increase of 77% compared with the same period last year.

On a rolling 12-month basis the adjusted recurring revenues (Usage, License and Support) in the third quarter 2021 amounted to 35.3 MSEK (32.7), equivalent to 78% (66) of total adjusted net sales and an increase of 8% compared with the same period last year. The comparable number for 12 months rolling adjusted recurring revenues amounted to 34.8 MSEK in the second quarter 2021.

On a rolling 12-month basis the adjusted usage revenues (Usage) in the third quarter 2021 amounted to 15.7 MSEK (8.4), an increase of 87% compared with the same period last year. The comparable number for 12 months rolling adjusted usage revenues amounted to 14.1 MSEK for the second quarter 2021.

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 of use cases). The impact from new signed customer deals on the SaaS business model in 2021 and 2020 is limited in the third quarter 2021. In the third quarter 2021, recurring revenues derived from SaaS customers constituted 14% of total adjusted recurring revenue. This number is expected to grow as we add more customers to the SaaS model and as they are ramping up on API call volumes.

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.



JULY TO SEPTEMBER 2021

Net sales for the third quarter 2021 amounted to 11.0 MSEK (13.3), equivalent to a decrease of 17% compared to the same period last year. The recurring revenues (Usage+License+Support) in the third quarter 2021 amounted to 8.6 MSEK (10.9), equivalent to 78% (82) 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 third quarter 2021 amounted to -16.7 MSEK (-24.2), a decrease of 31% compared to the same period last year. Headcount has decreased from 111 at the end of the third quarter 2020 to 66 at the end of the third 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 amortization in the third quarter 2021 amounted to -3.1 MSEK (-2.8). Capitalized R&D for the same period amounted to 3.0 MSEK (2.2).

Total operating expenses, including depreciation and amortization, in the third quarter 2021 amounted to -29.6 MSEK (-37.6). The decrease is due to the impact of the cost reduction measures the company carried out in the fourth quarter of 2020. The annual operating expenses run-rate excluding depreciation and amortization in the third quarter has decreased from -139.2 MSEK last year to -106.0 MSEK this year.

JANUARY TO SEPTEMBER 2021

Net sales for the first nine months 2021 amounted to 29.1 MSEK (44.1), equivalent to a decrease of 34% compared to the same period last year. The recurring revenues (Usage+License+Support) for the first nine months of the year 2021 amounted to 21.4 MSEK (32.8), equivalent to 74% (74) of total net sales. 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.

Other Operating Income for the first nine months of the year 2021 amounted to 0.2 MSEK (2.0), of which 0.1 MSEK correspond to the US Pay-check Protection Program forgivable loans of 2.6 MSEK that the company received last year and has now received forgiveness confirmation of 100% of the loan. Last year, furlough support for COVID-19 of 0.6 MSEK received was booked as other income.

Personnel costs for the first nine months of the year 2021 amounted to -52.9 MSEK (-83.9), a decrease of 37% compared to the same period last year. Headcount has decreased from 111 at the end of the third quarter 2020 to 66 at the end of the third quarter 2021.

Depreciation and amortization in the first nine months of the year 2021 amounted to -9.4 MSEK (-9.5). Capitalized R&D for the same period amounted to 7.8 MSEK (8.7). The decrease of 0.9 MSEK is due to the reduction in HC compared to last year and therefore in the number of hours worked on developing the platform.

Total operating expenses, including depreciation and amortization, in the period amounted to -91.5 MSEK (-127.1). The decrease is due to the impact of the cost reduction measures the company carried out in the fourth quarter of 2020. The annual operating expenses run-rate excluding depreciation and amortization for the first nine month year has decreased from -156.7 MSEK last year to -109.5 MSEK this year.

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 third quarter 2021 amounted to -8.7 MSEK (-12.4). The interest costs for the third quarter 2021 amounted to -11.1 MSEK (-12.1). The improved net financial items compared with the same period last year is a result of positive currency exchange rate differences and lower interest paid on borrowings.

Net financial items for the first nine months 2021 amounted to 3.4 MSEK (-34.0). The interest costs for the first nine months of 2021 amounted to -23.5 MSEK (-25.1). The improved net financial items compared with the same period last year is a result of the positive currency exchange rate differences and the positive impact of the voluntary UK subsidiary liquidation of 21.4 MSEK.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

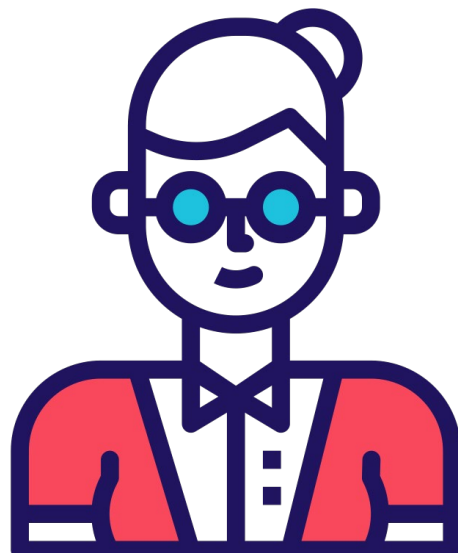
Cash flow from operating activities for the third quarter 2021 amounted to -16.8 MSEK (-28.3) and to -47.1 MSEK (-57.5) for the first nine months 2021. The lower use of cash from operating activities in the quarter relates mainly to the increase in collection received from customers. The reduction in use of cash in 2021 compared with in 2020 relates to the cost reduction carried out by the company in December 2020 and the decrease in collection received from customers. The latter is in line with the new SaaS model, more based on a pay as you go rather than annual upfront payments.

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 in 2018.

To finance the negative cash flow from operating activities for the first nine months 2021, the company has drawn down 20 MSEK from its convertible loan notes program in the first half of the year 2021. Also, the company received 112.5 MSEK (after deduction of transaction costs) from the directed new share issue in the second quarter 2021.

The company's cash & bank position as of September 30, 2021 amounted to 96.3 MSEK (16.5). As of September 30, 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 third quarter 2021, net sales amounted to 0.3 MSEK (0.5) and for the first nine months of the year 1.7 MSEK (2.1). This is revenue from a single customer agreement entered into with the Parent Company. For the third quarter 2021 operating expenses amounted to -3.6 MSEK (-4.2) and for the first nine months of the year -10.2 MSEK (-10.8).

Net financial items for the third quarter 2021 amounted to 0.6 MSEK (0.7) of which 1.0 MSEK (1.2) are due to currency exchange rate adjustments.

Net financial items for the first nine months of the year 2021 amounted to 2.8 MSEK (-1.8). The positive impact on financial items is due to currency exchange profits 2.0 MSEK (0.2 MSEK) and the reversal of a provision for an intercompany receivable that was booked to 2.9 MSEK at the end of 2020.

FINANCING

On October 5, 2021, the company announced the signature of a 5-year credit facility of 250 MSEK carrying an interest margin of 9.5% and with PIK (payment in kind) interest, i.e. interest costs will be capitalized and will not result in any cash interest payments during the tenure. The proceeds will be used to refinance the company's existing debt and convertible debt. Following repayment of the debt and excluding related transactional fees, approximately 50 MSEK is available for supporting the company's continued growth and execution of the new SaaS model strategy built on the offering LUIS^Teneo.

The company plans to repay all existing debt including convertible bond on the balance sheet as of September 30, 2021.

On October 8, 2021, as part of the repayment plan following signature of the new 250 MSEK credit facility, the company repaid the 52 MSEK bond with maturity on October 5, 2021, and related interest costs.

As of September 30, 2021, the company has utilized 45 MSEK of the convertible loan agreement with N&G, and of which 33.5 MSEK have been converted into shares and 11.5 MSEK is a short-term loan. Following conversion of 2,168,021 additional shares, N&G is the second largest shareholder in the company.

On May 6, 2021, the company announced a directed new share issue providing with 112.5 MSEK in cash (120.0 MSEK excluding transaction costs). The directed new share issue was oversubscribed and broadened our shareholder base with a number of new reputable shareholders.

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 41-42 in the Annual report, which you can find on <https://www.investors.artificial-solutions.com>.

RELATED-PARTY TRANSACTIONS

During the third quarter 2021, Artificial Solutions has terminated part of the lease agreement for its Headquarters office with Vencom Property Partners AB. The terms of the lease are 0.6 MSEK per annum. The final end date without extension for the rest of the agreement is April 2022. The agreement is at market rates.

The company continued a consulting services agreement with ASH&Partners AB at a rate of 30,000 SEK per month. The Consulting Services agreement existing with JUTechnology LLC has discontinued on July 1, 2021.

EMPLOYEES

The headcount end of September 2021 is 66 (111). The number of full-time equivalent employees in the Group on September 30, 2021, amounted to 64 (89).

EVENTS DURING THE QUARTER

ORGANIZATION

Paloma Ramirez Diaz-Monis was appointed as Chief People Officer in July 2021. She has previously been Head of Human Resources and Organizations in the company and will now be part of the management team.

Nicolas Köllerstedt was appointed as Chief Revenue Officer in September 2021. He brings a wide experience in tech sales, management, and fast scaling startup organizations.

Gavriella Schuster, former Corporate Vice President, Microsoft, One Commercial Partner, was appointed as Chair of Advisory Board Chair.

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

Artificial Solutions signed a LUIS^Teneo SaaS deal contract with A1 Bulgaria, part of A1 Group and controlled by América Móvil (with 400 million subscribers). This contract for the Bulgarian market has been closed together with our partner Microsoft and with the LUIS^Teneo offering.

A Partner to Artificial Solutions, a large US system integrator, signed up for and deploys LUIS^Teneo for its business.

Through one of our partners, a large multinational US Tech company has agreed to expand its Teneo deployment in US and Japan.

Circle K, part of the Global Fortune 500 retailer Alimentation Couche-Tard, has signed a multi-year agreement with Artificial Solutions.

An agreement with US Government Department has been extended for one more year.

EVENTS AFTER THE QUARTER

ORGANIZATION

The company will continue recruiting key staff to support the new business and delivery model and our strategy. Main focus is currently to strengthen the sales team to further support our SaaS growth.

CUSTOMERS

Artificial Solutions signed a renewal agreement with Scania, a world-leading provider of transport solutions.

BOND REPAYMENT

On October 8, 2021, the company repaid the 52 MSEK bond and its related interest costs. The bond matured for repayment on October 5, 2021.

5-YEAR 250 MSEK CREDIT SECURED

On October 5, 2021 the company has signed a term sheet with a fund managed by Capital Four, one of the largest independent credit asset management companies in the Nordics with a total of EUR 15 billion in assets under management regarding a 5-year credit facility of 250 MSEK, carrying an interest margin of 9.5% and with PIK (payment in kind) interest, i.e. interest costs will be capitalized and will not result in any cash interest payments during the tenure.

The proceeds will be used to refinance the group's existing debt and convertible debt. Following repayment of the debt but excluding transactional fees, approximately 50 MSEK is available for supporting the company's continued growth and execution of the new SaaS model strategy built on the offering LUIS^Teneo.

Prior to the completion of the transaction, which is estimated to mid November 2021, the company has repaid the bond of 52 MSEK issued by Artificial Solutions Holding ASH AB, which matured on October 5, 2021, with existing cash. The company's Cash & Bank position on September 30, 2021, amounted to 96 MSEK. Adding the approximately 50 MSEK for supporting the company's continued growth, the Cash & Bank Position on September 30, 2021, would be approximately SEK 146 million.

LAUNCHED #BECOME FRAMEWORK

Artificial Solutions has implemented a partnership with Gavriella Schuster to #BeCOME #ALLIES, to accelerate its work on inclusion and gender equality. Artificial Solutions is committed to diversity and equality and has managed to achieve a ratio of 38% women in senior positions. The company will continue to push for diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

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 September 30, 2021, was 65,705,389 shares.

	30 SEP 2021	30 SEP 2020	31 DEC 2020
Number of shares at the end of the period	65,705,389	47,543,663	48,565,512
Average number of shares before dilution	56,312,439	40,869,788	42,642,124
Average number of shares after dilution	60,369,320	42,363,229	44,641,965

The 10 largest shareholders on September 30, 2021, are listed below:

Shareholder	Capital %
Scope	25.6%
Nice & Green	5.6%
AFA Insurance	5.0%
SEB-Stiftelsen	4.4%
C WorldWide Asset Management	2.6%
Avanza Pension	2.6%
Johan A. Gustavsson	2.4%
Ulf Johansson	2.3%
Nordnet Pension Insurance	1.5%
John Brehmer	1.4%

SHARE-RELATED INCENTIVE PROGRAM

INCENTIVE PROGRAMS SUMMARY

There are five existing incentive programs with the following terms:

Programs	Number of warrants	Strike Price (SEK)
2019/2022	195,628	49.30
2019/2024	824,709	32.87
2020/2025:1	229,000	17.70
2020/2025:2	126,966	17.70
2021/2024:1	2,011,581	8.70

AUDIT REVIEW REPORT

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

FINANCIAL CALENDAR

- Interim report for the fourth quarter of 2021: February 17, 2022
- Interim report for the first quarter of 2022: April 29, 2022

Stockholm, October 28, 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 October 28 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	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net Sales	11.0	13.3	29.1	44.1	53.8
Gross Margin	7.6	9.5	20.1	29.4	35.7
Gross Margin %	69%	71%	69%	67%	66%
EBITDA	-13.9	-17.9	-46.6	-62.8	-91.6
<i>Adjusted EBITDA</i>	-13.9	-17.9	-45.6	-62.8	-78.3
Operating loss	-15.6	-20.7	-54.4	-72.4	-97.8
<i>Adjusted Operating loss</i>	-15.6	-20.7	-52.7	-72.4	-84.2
Earnings per share, SEK	-0.4	-0.7	-0.8	-2.2	-3.2
Equity ratio	-	-	-0.7	-2.0	-2.2

MEUR	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net Sales	1.1	1.3	2.9	4.2	5.1
Gross Margin	0.7	0.9	2.0	2.8	3.4
Gross Margin %	69%	71%	69%	67%	66%
EBITDA	-1.4	-1.7	-4.6	-5.9	-8.7
<i>Adjusted EBITDA</i>	-1.4	-1.7	-4.5	-5.9	-7.4
Operating loss	-1.5	-2.0	-5.4	-6.8	-9.3
<i>Adjusted Operating loss</i>	-1.5	-2.0	-5.2	-6.8	-8.0
Earnings per share, EUR	-0.0	-0.1	-0.1	-0.2	-0.3
Equity ratio	-	-	-0.7	-2.0	-2.2

GROUP FINANCIAL STATEMENTS

GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	JUL- SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net Sales	11.0	13.3	29.1	44.1	53.8
Capitalized amount for own accounts	3.0	2.2	7.8	8.7	9.7
Other operating income	0.0	1.4	0.2	2.0	10.4
Total operating income	14.0	16.9	37.0	54.7	73.9
Personnel costs	-16.7	-24.2	-52.9	-83.9	-115.8
Other external costs	-9.8	-10.6	-29.2	-33.6	-43.8
Depreciation and amortization on fixed assets	-3.1	-2.8	-9.4	-9.5	-12.1
Other operating expenses	0.0	-0.0	0.0	-0.0	-0.0
Total operating expenses	-29.6	-37.6	-91.5	-127.1	-171.7
Operating loss	-15.6	-20.7	-54.4	-72.4	-97.8
Net financial items	-8.7	-12.4	3.4	-34.0	-56.4
Loss after financial items	-24.3	-33.1	-51.1	-106.4	-154.2
Tax on result for the period	0.0	-0.0	0.0	-0.2	-0.2
NET RESULT FOR THE PERIOD	-24.3	-33.1	-51.1	-106.6	-154.4

GROUP CONSOLIDATED BALANCE SHEET

MSEK	30 SEP 2021	30 SEP 2020	31 DEC 2020
ASSETS			
Non-current assets			
Capitalised expenditure for licensed software and development	28.9	32.1	29.8
Equipment, furniture, and fitting	1.0	1.4	1.3
Other non-current receivables	1.1	5.6	3.3
Total non-current assets	31.0	39.2	34.4
Current assets			
Current receivables	12.0	19.4	22.5
Cash and bank balances	96.3	16.5	20.1
Total current assets	108.2	35.9	42.6
TOTAL ASSETS	139.2	75.1	77.0
EQUITY AND LIABILITIES			
Equity			
Share capital	118.3	85.6	87.4
Share premium reserve	1,311.2	1,197.9	1,206.1
Other equity including result for the period	-1,525.9	-1,435.2	-1,466.2
Total Equity	-96.5	-151.7	-172.7
Non-current liabilities			
Liabilities to other lenders	127.6	119.2	115.7
Total non-current liabilities	127.6	119.2	115.7
Current liabilities			
Liabilities to other lenders	71.5	57.4	70.4
Current liabilities	7.8	13.4	11.9
Accrued expenses and deferred income	28.8	36.8	51.6
Total current liabilities	108.1	107.6	134.0
TOTAL EQUITY AND LIABILITIES	139.2	75.1	77.0

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Operating Activities					
Operating Loss	-15.6	-20.7	-54.4	-72.4	-97.8
Depreciation/amortization on assets	3.1	2.8	9.4	9.5	12.1
Adjustments for items not included in cash flow	-1.0	-0.1	24.5	16.4	-10.9
Total operating activities	-11.6	-18.0	-20.6	-46.5	-96.6
Interest Paid and received	-2.4	-6.4	-12.5	-11.8	-17.4
Taxation paid and received	-	-0.1	7.1	4.9	5.3
Cash flow from operating activities before changes in working capital	-13.9	-24.6	-25.9	-53.4	-108.7
Cash flow from changes in working capital	-2.8	-3.8	-21.2	-4.2	32.8
Cash flow from operating activities	-16.8	-28.3	-47.1	-57.5	-75.9
Cash flow from investing activities	-3.3	-2.6	-10.5	-9.4	-10.4
Cash flow from financing activities	-	-0.4	133.7	79.0	102.0
Net change in cash and cash equivalents	-20.0	-31.4	76.2	12.0	15.6
Cash and cash equivalents beginning of the period	116.3	47.9	20.1	4.4	4.4
Cash and cash equivalents end of the period	96.3	16.5	96.3	16.5	20.1

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	30 SEP 2021	30 SEP 2020	31 DEC 2020
Amount Brought Forward	-172.7	-190.4	-190.4
New Issue of Shares	143.5	147.3	157.3
Transaction costs	-7.5	11.4	-11.4
Warrant premiums	2.8	1.4	2.5
Results for the period	-51.1	-106.6	-154.4
Translation difference	-11.4	8.0	23.7
Amount Carried Forward	-96.5	-151.7	-172.7

KEY RATIOS

MSEK	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net Sales	11.0	13.3	29.1	44.1	53.8
Net Sales Adjusted*	11.9	11.5	34.9	37.0	47.3
Recurring Revenues Adjusted*	9.5	9.0	27.2	25.8	33.9
Recurring Revenues Adjusted %	80%	79%	78%	70%	72%
Usage Revenues Adjusted*	4.2	2.5	12.2	6.9	10.4
Usage Revenues Adjusted %	35%	22%	35%	19%	22%
Gross Margin	7.6	9.5	20.1	29.4	35.7
Gross Margin %	69%	71%	69%	67%	66%
Adjusted EBITDA	-13.9	-17.9	-45.6	-62.8	-78.3

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net Sales	0.3	0.5	1.7	2.1	2.4
Other operating income	0.0	-	0.0	-	0.7
Total operating income	0.3	0.5	1.7	2.1	3.1
Other external costs	-3.6	-4.2	-10.2	-10.8	-17.8
Other expenses	-	-	-	-	-
Total operating expenses	-3.6	-4.2	-10.2	-10.8	-17.8
Operating loss	-3.3	-3.7	-8.5	-8.8	-14.6
Net financial items	0.6	0.7	2.8	-1.8	-10.8
Result after financial items	-2.6	-3.0	-5.7	-10.5	-25.4
Tax on result for the period	-	-	-	-0.2	-0.2
NET RESULT FOR THE PERIOD	-2.6	-3.0	-5.7	-10.8	-25.7

PARENT COMPANY BALANCE SHEET

MSEK	30 SEP 2021	30 SEP 2020	31 DEC 2020
ASSETS			
Non-current assets			
Receivable from Group companies	231.2	168.6	176.4
Financial assets	283.0	281.0	281.7
Other non-current receivables	0.5	-	-
Total non-current assets	514.7	449.6	458.1
Current assets			
Current receivables	1.2	0.7	1.2
Cash and bank balances	77.4	3.0	7.4
Total current assets	78.6	3.7	8.6
TOTAL ASSETS	593.3	453.2	466.7
EQUITY AND LIABILITIES			
Equity			
Share capital	118.3	85.6	87.4
Share premium reserve	1,311.2	1,197.9	1,206.1
Other equity including result for the period	-868.2	-850.0	-863.9
Total Equity	561.2	433.5	429.6
Non-current Liabilities			
Liabilities to other lenders	14.3	13.6	13.2
Total non-current liabilities	14.3	13.6	13.2
Current liabilities			
Liabilities to other lenders	14.3	2.9	17.6
Current liabilities	0.7	0.6	3.6
Accrued expenses and deferred income	2.8	2.5	2.6
Total current liabilities	17.8	6.1	23.9
TOTAL EQUITY AND LIABILITIES	593.3	453.2	466.7

PARENT COMPANY CASH FLOW STATEMENT

MSEK	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Operating Activities					
Operating loss	-3.3	-3.7	-8.5	-8.8	-14.6
Depreciation/amortization on assets	-	-	-	-	-
Adjustments for items not included in cash flow	-0.0	0.7	0.1	1.4	-1.8
Total operating activities	-3.3	-3.0	-8.4	-7.4	-16.4
Interest paid and received	-0.2	-0.2	-4.8	-0.6	-1.8
Taxation paid and received	-	-	-	-0.2	-0.2
Cash flow from operating activities before changes in working capital	-3.5	-3.2	-13.2	-8.2	-18.4
Cash flow from changes in working capital	-16.6	-15.3	-49.3	-65.6	-76.7
Cash flow from operating activities	-20.1	-18.5	-62.5	-73.8	-95.1
Cash flow from investing activities	-	-	-	-	-
Cash flow from financing activities	0.0	-0.5	132.5	76.1	101.8
Net change in cash and cash equivalents	-20.1	-19.0	69.9	2.3	6.7
Cash and cash equivalents beginning of the period	97.4	22.0	7.4	0.7	0.7
Cash and cash equivalents end of the period	77.4	3.0	77.4	3.0	7.4

PARENT COMPANY CHANGE IN EQUITY

MSEK	30 SEP 2021	30 SEP 2020	31 DEC 2020
Amount Brought Forward	429.6	308.4	308.4
New Issue of Shares	143.5	147.3	157.3
Transaction Costs	-7.5	-11.4	-11.4
Warrants	1.3	-	1.0
Results for the period	-5.7	-10.8	-25.7
Amount Carried Forward	561.2	433.5	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 October 28, 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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