

QUARTERLY REPORT JANUARY TO MARCH 2022

SAAS ON STRONG GROWTH TRAJECTORY - API CALLS VOLUMES UP 84% AND SAAS ARR UP 37% IN THE FIRST QUARTER

JANUARY TO MARCH 2022

- Net sales amounted to 10.1 MSEK (9.8), + 3%
- Recurring revenues amounted to 8.8 MSEK (6.6), + 34%
- SaaS ARR amounted to 12.9 MSEK, +37% compared with December 2021
- SaaS API Call Volumes 5.5 million, + 84% compared with December 2021
- Gross margin increased to 74% (72)
- EBITDA adjusted amounted to -17.9 MSEK (-13.1)
- Earnings per share amounted to -0.4 SEK (-0.2)

EVENTS DURING THE QUARTER

- Signed a SaaS agreement with one of the world's largest National Healthcare Providers
- Signed a SaaS agreement with Medtronic, one of the largest medical device companies in the world
- Signed renewal agreement with Loomis, a global cash handling group
- Signed renewal SaaS agreement with CSG Systems, our partner and a leading global system integrator
- Signed renewal SaaS agreement with SelectQuote, a US online insurance broker
- Signed a reseller agreement with our implementation partner CGI, our partner and a leading global system integrator
- Updated external Intellectual Property indicating a value of 1.6 BSEK
- Received 6.4 MSEK in cash tax refund January 2022 for performed R&D work in 2019

EVENTS AFTER THE QUARTER

- Skoda expands its Conversational AI offering built on Teneo to 13 regions
- Signed renewal SaaS agreement with a large Multinational US Tech company
- Sean McIlrath appointed as Head of US Sales
- 3 additional sales employees hired in the US
- Diversity and inclusion success – 39% females in the company by start of second quarter

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 17)

	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Net sales reported (MSEK)	10.1	9.8	38.9
Recurring revenues reported (MSEK)	8.8	6.6	30.2
SaaS ARR (MSEK)	12.9	N/A	9.4
SaaS API Call Volumes (Million)	5.5	N/A	3.0
Gross margin %	74%	72%	70%
Adjusted EBITDA (MSEK)	-17.9	-13.1	-60.0
Earnings per share, SEK	-0.4	-0.2	-1.1
Cash flow from operating activities before financial items and taxation (MSEK)	-20.1	-10.3	-38.2

CEO STATEMENT



Per Ottosson
CEO

Dear shareholders, colleagues, customers, and partners:

In the first quarter of 2022 we received strong proof that our business model fits our market.

New Customer & Sales Focus

We won yet another very high potential engagement with a National Health Care Provider, and we continue to primarily chase the largest customers in our key markets although this is a longer and more resource intensive sales process. The reason for that is that we now also see in reported API calls that the development of large clients are magnitudes better than having several smaller clients. A large customer for us is a Telecommunication Provider, a Retailer, or an Internet Native company. On a selective basis, we add large customers outside these priority segments such as this Healthcare Provider.

Loomis signed a renewal agreement with Artificial Solutions, as a step in their efforts to combine the physical and digital customer offering. Loomis operates through an international network of more than 400 branches in more than 20 countries.

Our sales model is channel first, meaning that we always engage a partner in our pursuits. Often a combination of Microsoft and an implementation partner, such as CGI that signed a reseller agreement with us in the quarter. The markets we are in still requires our direct involvement to work on the accounts, therefore the buildout of sales capacity is important. We have started the buildout of a strong team in the US where SaaS implementations are growing fast. We have appointed a Sales VP with experience from our industry and from partnering with Microsoft, two sales executives and a product marketer which will drive sales in the US.

We saw signs in the first quarter of a return to normal when it comes to physical meetings with our attendance at Mobile World Congress, the largest telecom event of the year, resulting in many leads and possibilities to show off what our customers can do with Teneo, our industry-leading Conversational AI platform.

84% growth in SaaS API calls

The API calls on our SaaS model grew 84% between December 2021 and March 2022. And we see that the large customers have more and more use cases and therefore volume to add, facilitated by our commercial model without step costs. On the non-SaaS customers, we also continue to grow and also continue our efforts to convert them to SaaS to provide more value to them. The API calls volume growth for non-SaaS customers was 19% from first quarter 2021 to first quarter 2022. We will start to report the revenues generated on our SaaS model as of this Quarter as this is the key metric for our growth. The SaaS platform was launched in the second quarter last year so the history is short, but we want to provide this key metric to our investors. We currently have 13 clients on our SaaS model, 23 customers in total with four renewals and one new customer in the quarter. We also, in this quarter, saw customers acquire more seats for their developers.

Teneo platform keeps getting better

We released Teneo 6.2, an update that provides a range of new features and capabilities to its industry-leading Conversational AI platform, including a major upgrade to its language library that allows users to access pre-built knowledge of Bulgarian. With a total of 86 languages available to users of the platform, Teneo offers a range of native language solutions that are unrivalled in the Conversational AI sector. Artificial Solutions has released Teneo 6.2, an update that provides a range of new features and capabilities to its industry-leading Conversational AI platform, including a major upgrade to its language library.

During the quarter we have run Early Access testing of a new web-based development client and a new user interface across the Development Platform. The feedback has been very positive, and customers can have teams collaborating while using the Web client and the Windows client, meaning that there is no switching cost for existing users. We will take this new development client live during second quarter 2022.

We have initiated a change of our internal development organization to better align with our SaaS delivery and this yielded results already in the first quarter 2022 with features such as publishing automation, data access enhancements and new security features making it to our customers in record time.

Customer Development

One of the clients that started their project in the third quarter 2021 has surpassed 500,000 API calls in a month in the first quarter 2022, again showing that large customers may be slower to buy but with our technology quicker to scale. Our Customer Success Department strives to support the customers in whatever development they may want to pursue and guide in how best to use the platform. We do not guide customers on 'What' to do, merely on 'How'. 'What' is for the customers or partners to drive. This we see frees the creativity to try many different use cases within the customers and therefore discover new applications.

Staff Focus

We continue to foster a multicultural and diverse culture, and in addition grew our female representation to almost 39% by the end of this first quarter.

We continue working to embrace a flexible culture with a remote and hybrid working approach and a culture that takes care of the wellbeing of our employees.

We see that productivity increases and our Teneo becomes easier and faster to use with this approach.

First US Trip

During the quarter we managed to do our first trip to the US after the Covid-19 period to interview staff, meet customers and of course meet up with Microsoft HQ live. This was very positive for our momentum in the US and will result in a great team in place as well as new collaboration opportunities with Microsoft. We hope that borders and flights will remain open so that we can easily visit our focus markets Europe and the US.

2022 is developing in the right direction on all fronts and we look forward to helping more customers cut their customers' waiting times!

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, there will be a focus on recurring revenues from 1 and 2 below and acquisition of new customers. Other metrics in focus are the monthly API call volumes, SaaS ARR, % revenues generated from SaaS customers and the % revenues generated from recurring revenues.

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 3.

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

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.

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. On top of 1-3, revenues can also be generated from provisioning of Expert services (based on fees for training sessions and daily rates). Professional services are no longer in focus for us as a company, but rather only recurring software revenues. Subscription revenues in 1. are part of License & Support, API call revenues in 2. and Teneo Data revenues in 3. are part of Usage and Expert Services are part of Other. Recurring revenues consist of License & Support, and Usage revenues, where 1-3 above in the SaaS model are also included.

2022 REVENUES ALIGNED WITH THE NEW BUSINESS MODEL

During 2021, in order to align the old business model and historical reported sales numbers to the new SaaS business model and its revenue recognition principles – i.e., apply revenue recognition over the lifetime of a contract or when the benefits are consumed – we prepared adjusted revenues. The purpose of this preparation was 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 related to recognition of Usage revenues is that 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 2021 to the first quarter 2022 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, which is limited in 2022, is recognized for the category Usage revenues. Therefore, the company will from the first quarter 2022 focus on actual reported numbers and metrics instead of adjusted numbers.

MSEK	JAN-MAR 2021	APR-JUN 2021	JUL-SEP 2021	OCT-DEC 2021	JAN-MAR 2022
License & Support	4.6	5.0	5.3	5.5	5.6
Usage	1.9	1.3	3.2	3.3	3.2
Other	3.3	1.9	2.4	1.0	1.4
Total Net Sales	9.8	8.2	11.0	9.8	10.1
License & Support	4.6	5.0	5.3	5.5	5.6
Usage Adjusted	4.3	3.8	4.2	4.0	3.4
Other	3.3	1.9	2.4	1.0	1.4
Total Net Sales Adjusted	12.2	10.7	11.9	10.4	10.3

RECURRING REVENUES AND ARR KEY IN THE SAAS MODEL

Recurring revenues – license and support together with usage revenues – are key for any software company.

The reported recurring revenues (Usage, License and Support) for the first quarter 2022 amounted to 8.8 MSEK (6.6), equivalent to 87% (67) of net sales and an increase of 34% compared with the same period last year. The reported usage revenues (Usage) for the first quarter 2022

amounted to 3.2 MSEK (1.9), equivalent to 32% (19) of total net sales and an increase of 68% compared with the same period last year.

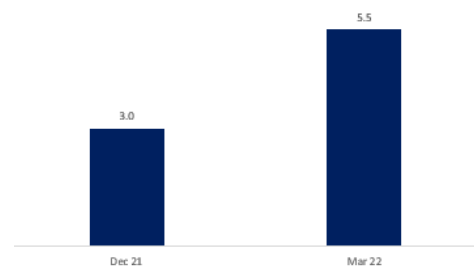
On a rolling 12-month basis the reported recurring revenues (Usage, License and Support) in the first quarter 2022 amounted to 32.4 MSEK (36.7), equivalent to 83% (75) of total net sales and a decrease of 12% compared with the same period last year. The comparable number for 12 months rolling reported recurring revenues amounted to 30.2 MSEK in the fourth quarter 2021, representing an increase of 7%. 2020 reported recurring revenues were positively impacted by the old way of recognizing Usage revenues and that explains the decrease of reported recurring revenues in first quarter 2021 compared with first quarter 2022.

The recurring revenues highlight the strength in our installed base of customers and the underlying customer contracts. The recurring revenues are also a good proxy of what our total ARR (annual recurring revenues) from our existing customer contracts (excluding growth in API calls and number of use cases). The impact from signed customer deals on the SaaS business model in 2021 and 2022 is increasing in importance in the first quarter 2022. In December 2021, recurring revenues derived from SaaS customers constituted 27% of total recurring revenues. The recurring revenues derived from SaaS customers for the first quarter 2022 amounted to 3.0 MSEK and constituted 34% of total recurring revenues, 8.8 MSEK, and 30% of net sales. This number will grow as we add more customers to the SaaS model, ramp up new customers in terms of API call increases and as we continue to convert existing customers to the SaaS model.

An important KPI to follow is the API call volumes development on the SaaS model as this metric is linked to the API call revenues generated by SaaS customers. This first quarter 2022 is the first quarter we report monthly API call volumes from SaaS customers and this metric will be reported going forward with the last month API call volumes in the quarter. Hence, there will also be alignment with the SaaS ARR (annual recurring revenues) reporting each coming quarter.

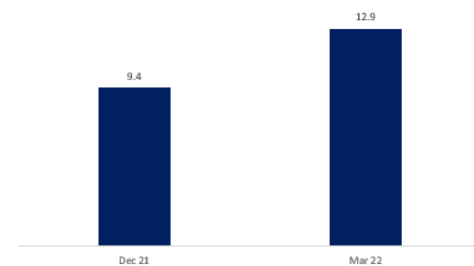
The monthly SaaS API call volumes increased from 3.0 million in December 2021 to 5.5 million in March 2022, equivalent to an 84% increase in one quarter only. See the graph below for graphical details. The non-SaaS customers experienced 19% API call volume growth between the first quarter 2021 and the first quarter 2022. The API calls generated by non-SaaS customers are not always linked to the Usage revenues and for that reason we are not disclosing the volumes.

SaaS API Call Volumes (million per month) up 84 %



Annual Recurring Revenues on the SaaS customers (SaaS ARR) amounts to 12.4 MSEK, Annual Recurring Revenue on total business amounts to 33.8 MSEK. SaaS ARR (annual recurring revenues) is defined as the monthly (end of quarter month) recurring revenues generated in the SaaS model multiplied by 12 (months). The SaaS ARR in March 2022 amounted to 12.9 MSEK, an increase from 9.4 MSEK in December 2021, equivalent to a growth of 37% in the quarter.

SaaS ARR MSEK



At the end of the first quarter 2022, we had 13 customers on the SaaS model. A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero.

JANUARY TO MARCH 2022

Net sales for the first quarter 2022 amounted to 10.1 MSEK (9.8), equivalent to an increase of 3% compared to the same period last year. The recurring revenues (Usage+License+Support) in the first quarter 2022 amounted to 8.8 MSEK (6.6), equivalent to 87% (67) of total net sales and an increase of 34% compared with the same period last year. A high percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our SaaS model.

Personnel costs in the first quarter 2022 amounted to -19.3 MSEK (-17.6), an increase of 10% compared to the same period last year. Part of the increase is due to the salaries review at group level that took place during the first quarter of 2022. Headcount has decreased from 69 at the end of the first quarter 2021 to 64 at the end of the first quarter 2022. 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 first quarter 2022 amounted to -3.7 MSEK (-3.2). Capitalized R&D for the same period amounted to 3.0 MSEK (2.2).

Total operating expenses, including depreciation and amortization, in the first quarter 2022 amounted to -35.3 MSEK (-29.5). The increase is due the salary reviews, combined with higher marketing and IT related costs. The annual operating expenses run-rate, excluding depreciation and amortization and non-recurring cost items of -4.2 MSEK in the first quarter has increased from -105 MSEK 2021 to -124 MSEK 2022. The average monthly operating expenses in the first quarter 2022, excluding depreciation and amortization and non-recurring cost items, amounted to -10.3 MSEK.

FINANCIAL ITEMS AND TAX

Net financial items for the first quarter 2022 amounted to -3.6 MSEK (5.6).

The interest costs for the first quarter 2022 amounted to -7.0 MSEK (-6.1). These are the result of the capitalized transactional costs for the 5-year PIK loan credit facility that was signed in December 2021 together with the capitalized interest. The transactional costs have been capitalized together with the new credit facility and are

recorded monthly as financial costs in addition to actual interest costs for the credit facility itself.

The negative net financial items compared with the same period last year is a result of negative currency exchange rate differences.

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2021 and the first quarter of 2022.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash flow from operating activities before financial items and taxation for the first quarter 2022 amounted to -20.1 MSEK (-10.3). The group is investing more in its operations in 2022 compared with 2021 and that is the reasons for the increased negative cash flow from operating activities in the first quarter 2022 compared with the same quarter previous year.

In January 2022, the company received cash payment of 6.4 MSEK (7.3) from the Spanish Tax Authority following completed R&D review of R&D investments.

Cash flow from operating activities after financial items and taxation for the first quarter 2022 amounted to -22.8 MSEK (-12.2). The interest paid corresponds to the transactional cost linked to the credit facility received in December 2021. The group does not expect any other material cash payment linked to the credit until maturity date.

Cash flow from investing activities in the first quarter 2022 amounted to -3.2 MSEK (-2.4) and relate to capitalized R&D expenditures. Cash flow from financing activities in the first quarter 2022 amounted to 0 MSEK (0). On December 22, 2021, the company received 242.4 MSEK (upfront commitment fees deducted) in proceeds, from the 5-year credit facility. With these funds the company repaid almost all the existing debt as well as financing the negative cash flow from operating activities for the year 2021.

The company's cash and bank position as of 31 of March 2022 amounted to 84.2 MSEK (22.1).

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 (publ).

In the first quarter 2022, net sales amounted to 0.3 MSEK (0.7), of which recurring revenue amounted to 0.3 MSEK (0.3). This is revenue from a single customer agreement entered into with the Parent Company. For the first quarter 2022 operating expenses amounted to -4.4 MSEK (-1.9).

Net financial items for the first quarter 2022 amounted to -4.9 MSEK (4.9) of which 2.1 MSEK (3.4) are due to currency exchange rate adjustments and -6.9 MSEK (-1.4) are interests and similar costs from loans.

FINANCING

On December 22, 2021, the company announced the closing 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 are capitalized and will not result in any cash interest payments during the tenure. The proceeds from the credit facility have been used for repayment of the company's existing debt and convertible notes.

The company repaid more or less all existing debt. Following receipt of the proceeds from the new credit facility and repayment of debt and convertible debt in December 2021, the company had additional proceeds available for supporting the company's continued growth and execution of the new SaaS model strategy.

In January 2022, the company received 6.4 MSEK in cash tax refund for performed R&D work in 2019, further strengthening the cash position of the company.

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 lapsing Covid-19 crisis, could have a material adverse effect on Artificial Solutions' operations, financial position and/or results.

The Ukraine-Russia conflict started in February 2022. Our company has no operations nor customers in Ukraine or Russia and has not experienced any negative impact during the first quarter of 2022. The impact on business activity in general and for our industry cannot be ruled out, but the company does not expect any major negative impact from the conflict.

For further information about risks and uncertainties, see page 41-42 in the 2020 Annual report, which you can find on <https://www.investors.artificial-solutions.com>.

RELATED-PARTY TRANSACTIONS

During the third quarter 2021, Artificial Solutions 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 for the rest of the agreement is April 30, 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.

EMPLOYEES

The headcount end of March 2022 is 64 (69). The number of full-time equivalent employees in the group on March 31, 2022, amounted to 62 (61). In addition to the employed staff, the company also has commitments with specialized contractors, 4 consultants at the end of March 2022.

EVENTS DURING THE QUARTER

ORGANIZATION

During the first quarter 2022, the company has continued recruiting key staff to support the new business and delivery model and our strategy. Our focus is currently to strengthen the sales team to further support our SaaS growth, with special focus on the sales team in the USA.

INTELLECTUAL PROPERTY VALUATION

The company has invested significant amounts in R&D and in patenting its unique technology in Natural Language Interaction (NLI) and Natural Language Processing (NLP) technologies in recent years.

On January 17, 2022, the company announced an updated external valuation of its intellectual property performed by OxFirst Ltd. The valuation analysis indicates a value increase from 1.4 BSEK in 2019 to 1.6 BSEK 2021.

The patents are cited by some of the most influential companies in the Conversational AI space, including Apple, Nuance, Google and IBM, confirming Artificial Solutions as a leading innovator in the Conversational AI sector.

A cited citation is also referred to as a forward citation. The company's technology is used by world leading companies to create the best customer experiences possible in a plethora of languages. It powers the largest multilingual Conversational AI-projects in Europe and our clients achieve outstanding customer loyalty scores with higher levels of automation. Artificial Solutions has significantly more forward citations than the average peer in Software (305 vs. 33). Forward citations indicate that newer patents acknowledge the importance of a foundational patent in the space. Our patents cited by Apple, Nuance, Google, and IBM are key components within Artificial Solutions platform, Teneo to develop bots and conversational IVR's.

The external intellectual property valuation considers how the scope and influence of Artificial Solutions' intellectual property has expanded and bases its conclusion on the patents overall market opportunity combined with the potential opportunities in the Conversational AI market.

CUSTOMERS

During the first quarter 2022, a number of customers contracts were renewed and new ones signed.

Artificial Solutions signed a SaaS agreement with one of the largest National Healthcare Providers in the world.

Artificial Solutions signed a SaaS agreement with Medtronic, one of the largest medical device companies in the world. With this, Medtronic is currently transitioning to the SaaS model.

Artificial Solutions signed renewal agreement with Loomis, a global cash handling group.

Artificial Solutions signed a renewal SaaS agreement with CSG Systems.

Artificial Solutions signed a renewal SaaS agreement with SelectQuote, an US online insurance broker.

Artificial Solutions signed a reseller agreement with our implementation partner CGI.

TAX CREDIT REFUND

In January 2022, the R&D tax credit refund for 2019 was received, 6.4 MSEK.

EVENTS AFTER THE QUARTER

ORGANIZATION

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

Sean McIlrath has been appointed as Head of US Sales. With him, 2 new Sales employees have been incorporated to the US Sales team during April 2022 together with 1 product marketeer. The company will continue strengthening the US sales team.

CUSTOMERS

Škoda Auto expanding its chatbot to 13 new regions. The regions include France, Spain, United Kingdom, Poland, Serbia, Sweden, Ukraine, Czech Republic, Slovakia, Ireland, Finland, and Italy. The project has also been expanded to New Zealand.

Renewal of a SaaS deal for one year has been signed with a large multinational US Tech company.

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, 2022, was 65,705,389.

	31 MAR 2022	31 MAR 2021
Number of shares at the end of the period	65,705,389	49,419,721
Average number of shares before dilution	65,705,389	48,661,587
Average number of shares after dilution	70,655,773	52,316,502

The 10 largest shareholders on March 31, 2022, are listed below:

Shareholder	Capital %
Scope	16.3%
SEB-Stiftelsen	7.5%
Nice & Green	5.7%
AFA Insurance	5.0%
C WorldWide Asset Management	2.9%
Johan A. Gustavsson	2.8%
Avanza Pension	2.6%
Ulf Johansson	2.3%
Theodor Jeansson	1.8%
Nordnet Pension Insurance	1.7%

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

In October 2020, the company granted a specific warrant program to some of its financial lenders. The total number of warrants is 1,562,500 to subscribe for 1,562,500 shares at a strike price of SEK 32 per share. The subscription period ends on March 31, 2023.

AUDIT REVIEW REPORT

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

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting (AGM) of Artificial Solutions International AB (publ) will be held in Stockholm, on May 30, 2022. The Annual Report for 2021 will be published no later than three weeks in advance of the AGM 2022.

FINANCIAL CALENDAR

- Interim report for the second quarter of 2022: August 17, 2022
- Interim report for the third quarter of 2022: October 26, 2022

Stockholm, April 29, 2022

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 29, 2022.

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).

GROUP FINANCIAL STATEMENTS

GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Net Sales	10.1	9.8	38.9
Capitalized amount for own accounts	3.0	2.2	11.7
Other operating income	0.0	0.0	5.4
Total operating income	13.2	12.0	56.0
Personnel costs	-19.3	-17.6	-70.8
Other external costs	-12.3	-8.7	-41.6
Depreciation and amortization on fixed assets	-3.7	-3.2	-12.5
Other operating expenses	-	-	-1.7
Total operating expenses	-35.3	-29.5	-126.5
Operating loss	-22.1	-17.5	-70.6
Net financial items	-3.6	5.6	1.1
Loss after financial items	-25.7	-11.9	-69.5
Tax on result for the period	-	-	-0.0
NET RESULT FOR THE PERIOD	-25.7	-11.9	-69.5

GROUP CONSOLIDATED BALANCE SHEET

MSEK	31 MAR 2022	31 MAR 2021	31 DEC 2021
ASSETS			
Non-current assets			
Capitalised expenditure for licensed software and development	28.2	29.5	28.4
Equipment, furniture, and fitting	1.0	1.2	0.9
Other non-current receivables	1.8	3.4	1.4
Total non-current assets	31.0	34.1	30.8
Current assets			
Current receivables	20.8	16.5	25.7
Cash and bank balances	84.2	22.1	112.1
Total current assets	105.0	38.6	137.8
TOTAL ASSETS	136.0	72.7	168.6
EQUITY AND LIABILITIES			
Equity			
Share capital	118.3	89.0	118.3
Share premium reserve	1,311.1	1,212.0	1,311.1
Other equity including result for the period	-1,577.3	-1,493.0	-1,548.7
Total Equity	-148.0	-192.0	-119.3
Non-current liabilities			
Liabilities to other lenders	241.5	121.1	237.6
Total non-current liabilities	241.5	121.1	237.6
Current liabilities			
Liabilities to other lenders	-	82.4	-
Current liabilities	10.4	12.8	19.6
Accrued expenses and deferred income	32.0	48.5	30.7
Total current liabilities	42.4	143.6	50.4
TOTAL EQUITY AND LIABILITIES	136.0	72.7	168.6

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Operating Activities			
Operating Loss	-22.1	-17.5	-70.6
Depreciation/amortization on assets	3.7	3.2	12.5
Adjustments for items not included in cash flow	-1.7	4.0	19.9
Cash flow from operating activities before financial items and taxation	-20.1	-10.3	-38.2
Interest Paid and received	-8.9	-9.1	-65.2
Taxation paid and received	6.2	7.0	7.2
Cash flow from operating activities after financial items and taxation	-22.8	-12.2	-96.1
Cash flow from changes in working capital	-1.9	-3.3	-22.7
Cash flow from operating activities	-24.7	-15.5	-118.9
Cash flow from investing activities	-3.2	-2.4	-14.3
Cash flow from financing activities	0.0	20.0	225.2
Net change in cash and cash equivalents	-27.9	2.1	92.0
Cash and cash equivalents beginning of the period	112.1	20.1	20.1
Cash and cash equivalents end of the period	84.2	22.1	112.1

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	31 MAR 2022	31 MAR 2021	31 DEC 2021
Amount Brought Forward	-119.3	-172.7	-172.7
New Issue of Shares	-	7.5	143.5
Transaction costs	-	-0.0	-7.6
Warrant premiums	0.4	0.3	2.8
Results for the period	-25.7	-11.9	-69.5
Companies in liquidation	-	-	0.1
Translation difference	-3.4	-15.2	-15.9
Amount Carried Forward	-148.0	-192.0	-119.3

KEY RATIOS

MSEK	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Net Sales	10.1	9.8	38.9
Net Sales Adjusted	10.3	12.2	45.3
Recurring Revenues	8.8	6.6	30.2
Recurring Revenues %	87%	67%	78%
Recurring Revenues Adjusted	8.9	8.9	36.7
SaaS ARR	12.9	N/A	9.4
SaaS API Calls Volume (Million)	5.5	N/A	3.0
Gross Margin	7.5	7.1	27.2
Gross Margin %	74%	72%	70%
Adjusted EBITDA	-18.4	-13.1	-60.0
Equity ratio	-1.1	-2.7	-0.7

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Net Sales	0.3	0.7	2.0
Other operating income	-	-	2.6
Total operating income	0.3	0.7	4.6
Other external costs	-4.4	-1.9	-15.6
Other expenses	-	-	-
Total operating expenses	-4.4	-1.9	-15.6
Operating loss	-4.1	-1.2	-11.1
Net financial items	-4.9	4.9	-107.4
Result after financial items	-8.9	3.7	-118.4
Tax on result for the period	-	-	-
NET RESULT FOR THE PERIOD	-8.9	3.7	-118.4

PARENT COMPANY BALANCE SHEET

MSEK	31 MAR 2022	31 MAR 2021	31 DEC 2021
ASSETS			
Non-current assets			
Receivable from Group companies	329.5	193.2	315.6
Financial assets	283.1	281.7	283.1
Other non-current receivables	0.5	0.0	0.5
Total non-current assets	613.1	474.9	599.1
Current assets			
Current receivables	2.1	1.1	1.9
Cash and bank balances	67.3	13.9	97.9
Total current assets	69.4	15.1	99.9
TOTAL ASSETS	682.5	490.0	699.0
EQUITY AND LIABILITIES			
Equity			
Share capital	118.3	89.0	118.3
Share premium reserve	1,311.1	1,212.0	1,311.1
Other equity including result for the period	-989.9	-860.1	-981.0
Total Equity	439.5	440.9	448.4
Non-current Liabilities			
Liabilities to other lenders	239.7	13.8	235.7
Total non-current liabilities	239.7	13.8	235.7
Current liabilities			
Liabilities to Group companies	-	-	1.6
Liabilities to other lenders	-	30.2	-
Current liabilities	1.4	3.3	11.1
Accrued expenses and deferred income	2.0	1.9	2.1
Total current liabilities	3.3	35.4	14.9
TOTAL EQUITY AND LIABILITIES	682.5	490.0	699.0

PARENT COMPANY CASH FLOW STATEMENT

MSEK	JAN-MAR 2022	JAN-MAR 2021	JAN-DEC 2021
Operating Activities			
Operating loss	-4.1	-1.2	-11.1
Depreciation/amortization on assets	-	-	-
Adjustments for items not included in cash flow	-2.3	0.2	0.3
Cash flow from operating activities before financial items and taxation	-6.4	-1.0	-10.8
Interest paid and received	-8.6	-4.6	-20.6
Taxation paid and received	-	0.0	-
Cash flow from operating activities after financial items and taxation	-15.0	-5.6	-31.4
Cash flow from changes in working capital	-15.7	-7.9	-120.8
Cash flow from operating activities	-30.7	-13.5	-152.2
Cash flow from investing activities	-	-	-116.1
Cash flow from financing activities	-	20.0	358.8
Net change in cash and cash equivalents	-30.7	6.5	90.5
Cash and cash equivalents beginning of the period	97.9	7.4	7.4
Cash and cash equivalents end of the period	67.3	13.9	97.9

PARENT COMPANY CHANGE IN EQUITY

MSEK	31 MAR 2022	31 MAR 2021	31 DEC 2021
Amount Brought Forward	448.4	308.4	429.6
New Issue of Shares	-	120.5	143.5
Transaction Costs	-	-8.5	-7.6
Warrants	-	-	1.3
Results for the period	-8.9	1.6	-118.4
Amount Carried Forward	439.5	421.9	448.4

DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFAR

FINANCIAL MEASURES	DESCRIPTION
Net Sales	Reported net sales.
Net Sales Adjusted	Reported net sales including adjusted usage revenues. The adjustment is done to align historical reported usage revenue to the new business model principles.
Usage Revenues	The amount of revenues derived solely from the usage of the Teneo Platform.
Adjusted Usage Revenues	The adjusted usage revenues.
Recurring Revenues	Combined amount of revenues derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
Adjusted Recurring Revenues	Combined amount of adjusted revenues derived from Usage, License and Support revenues.
SaaS Recurring Revenues	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data.
SaaS ARR	Annual recurring revenues based on last month in quarter SaaS Recurring Revenue (Monthly Recurring Revenue x 12 months).
Gross Margin	Is calculated as the total net sales subtracted with the total cost of services, commission and cost of utilized staff related to Customer Success department.
Gross Margin %	Is calculated as the total Gross Margin expressed as a per cent of total revenue in the period.
EBITDA	Earnings before interest, tax, depreciation, and amortization.
Adjusted EBITDA	Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items and 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.
API	Application Programming Interface (API) that allows interaction between two applications.
API Calls	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions.
SaaS API Calls	Specific API calls solely for SaaS customers. Volumes are disclosed in millions.

CONFERENCE CALL

The report will be presented by Per Ottosson, CEO, and Fredrik Törgren, CFO, at a telephone conference on April 29, 2022, at 09:00 a.m. CET

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

Denmark:	+45 32714988
Germany	+49 (0) 69 566 037000
United Kingdom:	+44 (0) 203 059 58 69
United States:	+1 760 294 16 74
Norway:	+47 21984292
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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