

Artificial Solutions

Q2 2020



TODAY'S PRESENTERS



Lawrence Flynn
CEO



Chris Bushnell
CFO

A CONVERSATIONAL AI PIONEER

- The world's most advanced, Enterprise Conversational AI platform – Teneo
- 111 staff (incl. ~50 AI, ML and linguistic experts)
- HQ in Stockholm, 11 offices
- Teneo available in 36 languages, Teneo Developers in 7
- Founded in 2001 and listed on First North Growth Market in Q1 2019

Global Blue-Chip Clients



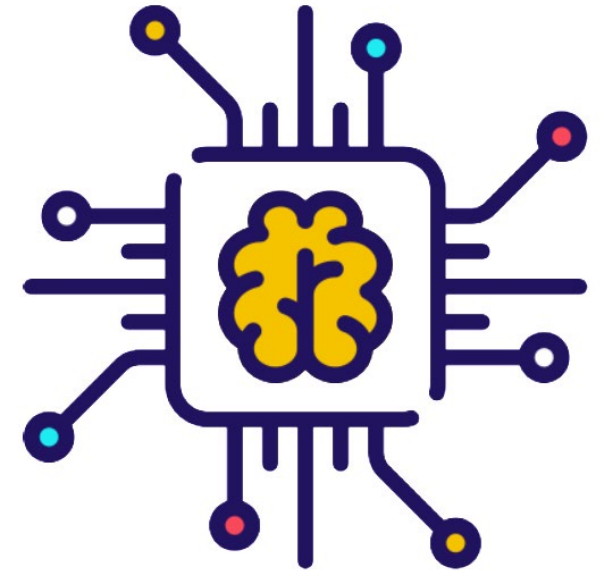
Strategic Partners



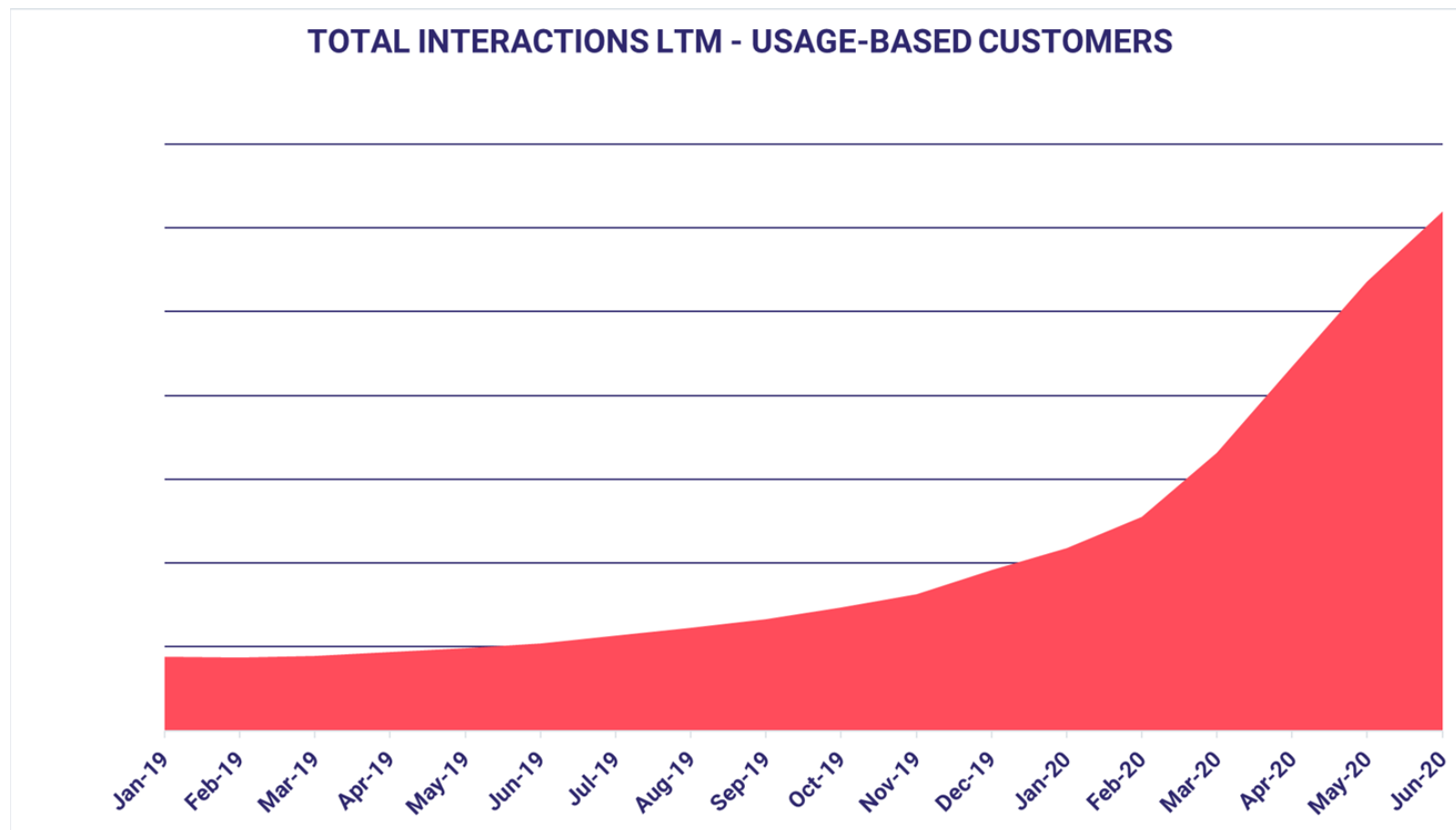
QUARTER 2: KEY FIGURES

STRONG RESULTS CONFIRM STRENGTH OF BUSINESS MODEL DESPITE COVID CHALLENGES

- Order Intake was 6.5 MSEK (22.8), impacted by delayed transactions due to Covid-19
- Order Backlog was 44.6 MSEK (50.7), with delivery of projects above the value of new agreements
- Revenue up by 22% to 15.4 MSEK (12.6)
- Usage Revenue 5.6 MSEK up 80% on last quarter and 113% on last year
- Partner Revenue increases to 53% (34%)
- Gross Margin up to 69% (60) on track to meet guidance
- Adjusted EBITDA was -19.8 MSEK (-27.7)



USAGE BY VOLUME (NOT REVENUE)



- Not all agreements the same
- Volume not tied directly to revenue but good indication of progress and robustness of Platform
- Volumes continue to increase by factor of **6x** in twelve months

QUARTER 2: HIGHLIGHTS

- Signed additional new customer – a world leading fresh food delivery service operating in 14 countries
- New Partnership signed with Tech Mahindra a world leading system integrator and infrastructure provider
- Increased proportion of revenue delivered via Partners and increased proportion of Usage revenue drives higher gross margin, 69% (60%)
- 100% fully subscribed directed share issue in June raises 26.9 MSEK
- Completion of purchase and resale of 6.3 MSEK Bonds in July

“In very challenging times we have remained very effective as a business, increased revenues and usage, and signed new name customers and partners”

COVID-19 IMPACT AND MEASURES

- Enterprises are accelerating their plans to digitize and automate parts of their business – visible in our pipeline of new opportunities
- Customers still in lockdown or remote working has delayed closing deals
- Throughout the pandemic we have been able to continue to work remotely, delivering projects and supporting customers
- Measures taken to maximise cash resources
 - Short term work-allowances
 - Government forgivable Loans not yet reflected in P+L
 - Pay deferral for Management, Board and other staff
 - Reduced non essential expenses – Travel, Marketing events
 - Deferred expenditure of rents and taxes

KEY FIGURES

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019
Order Intake	6.5	22.8	26.0	39.6
Order Backlog	44.6	50.7	44.6	50.7
Net Sales	15.4	12.6	30.7	25.3
Gross Margin %	69%	60%	65%	55%
EBITDA	-19.8	-29.9	-44.9	-61.7
<i>Adjusted EBITDA</i>	-19.8	-27.7	-44.9	-55.3
Operating loss	-23.1	-33.1	-51.6	-90.0
<i>Adjusted Operating loss</i>	-23.1	-30.8	-51.6	-61.5
Earnings per share, SEK	-0.9	-2.0	-1.5	-4.7
Equity ratio	-1.1	-1.3	-1.1	-1.3

- Order Intake was 6.5 MSEK (22.8)
- Order Backlog was 44.6 MSEK (50.7)
- Net Sales totaling 15.4 MSEK (12.6), up 22%

OPERATING INCOME

MSEK	APR-JUN 2020	APR-JUN 2019	JAN-JUN 2020	JAN-JUN 2019
Net Sales	15.4	12.6	30.7	25.3
Capitalized amount for own accounts	2.6	2.6	6.5	4.9
Other operating income	0.6	-	0.6	-
Total operating income	18.6	15.3	37.8	30.2

- Net Sales totaling 15.4 MSEK (12.6), up 22%
- Q2 Total Operating Income 18.6 MSEK (15.3) up 21%
- H1 Total Operating Income 37.8 MSEK (30.2) up 25%

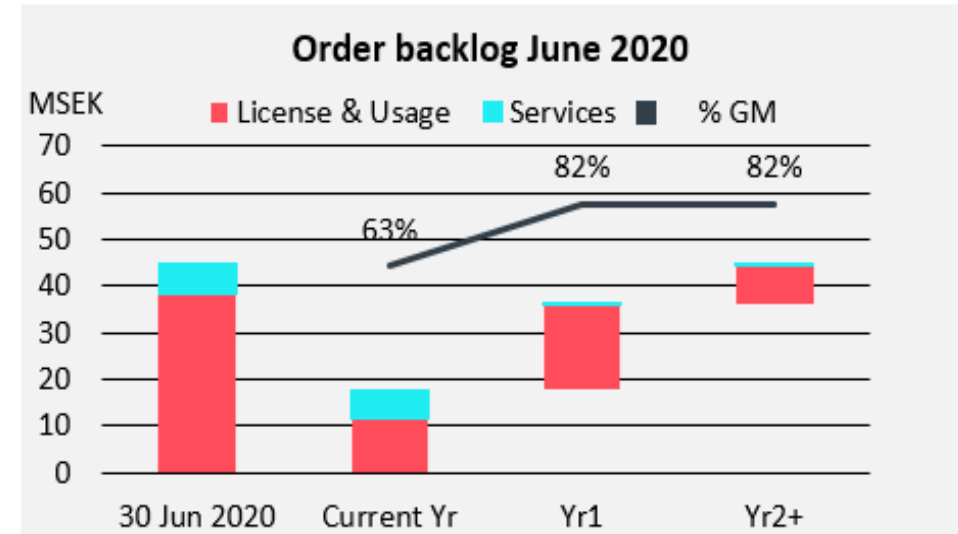
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- Order Backlog was 44.6 MSEK (50.7)
- Net Sales totaling 15.4 MSEK (12.6), up 22%
- Gross Margin up to 69% from 60%, due to continued change in revenue mix
- Total Operating Expenses decreased to -41.7 MSEK (-48.3). (B/S: PPP Loans of 2.7 MSEK)
- Adjusted EBITDA at -19.8 MSEK (-27.7)

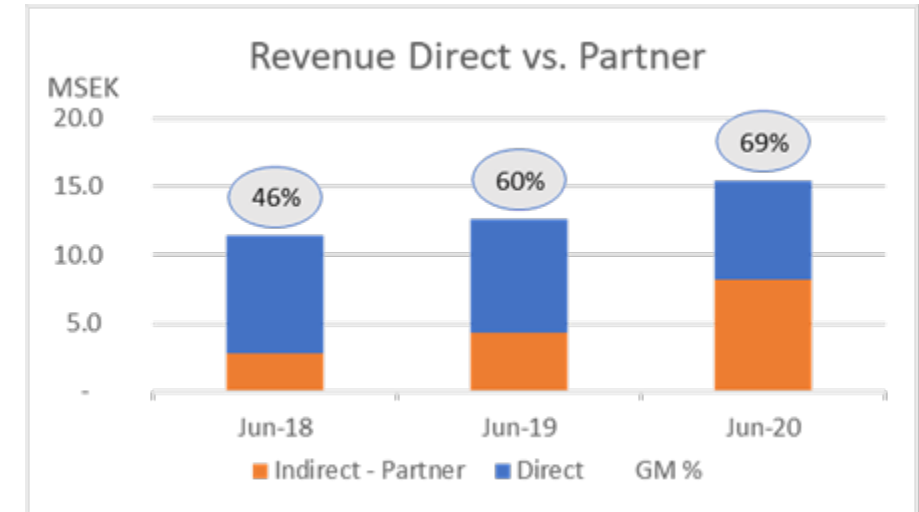
Q2 ORDER INTAKE AND ORDER BACKLOG

- Order Intake increased to 6.5 MSEK (22.8)
- The overall value of Backlog has decreased by 12% to 44.6 MSEK (50.7), as we deliver more than the value of new agreements signed in the quarter.
- Mix in revenue elements improves profitability and the overall profitability increases over the life of an agreement
- Of the remaining backlog, 1.9 MSEK expected to be delivered this year



STRONGER PARTNER LED BUSINESS MODEL

- Increased gross profit and higher margins
 - Partners focus on lower margin Professional Services
 - Company focus on higher margin license and usage revenues
- Revenues through our Partners in Q2 was at 53% (34%)
- Continue to expect Partner share to increase
- Direct sales will continue to support order intake going forward



accenture

Capgemini

Deloitte

swisscom

Cognizant

CSG

Teleperformance
each interaction matters

Tech
Mahindra

NIIT

KPMG

nexmo

blueprism

UiPath

MARKET GUIDANCE REVIEW



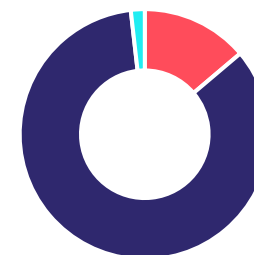
Order intake on medium and long term shall grow in excess of NLP market



Gross margin above 70 per cent as from 2020



Positive cash flows from operations as from 2020



Usage predicted to exceed 80% of all Teneo revenue in 2022

FINANCIAL CALENDAR

Interim Report Q3 2020

29 October 2020

Year-end Report 2020

4 February 2021



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Q&A