

**QUARTERLY REPORT: JANUARY TO MARCH 2024****RECORD QUARTER: +40% YoY GROWTH IN SAAS API CALL VOLUMES AND TOTAL ARR OF 67 MSEK****JANUARY TO MARCH 2024**

- SaaS API Call Volumes 23.8 million (17.0), +40 %
- SaaS ARR amounted to 37.2 MSEK (28.3), +32%
- Total ARR amounted to 66.9 MSEK (53.7), +25%
- Recurring revenues amounted to 17.0 MSEK (13.4), +27%
- Net Revenue Retention Rate (NRR) +141% (134)
- Net sales amounted to 17.1MSEK (13.6), +26%
- Gross margin amounted to 79% (56)
- EBITDA adjusted amounted to -8.5 MSEK (-18.1)
- Earnings per share amounted to -0.0 SEK (0.1)

**EVENTS DURING THE QUARTER**

- Successfully closed rights issue with a 166% subscription rate providing the company with 26 MSEK
- Renewal of SaaS agreement with Medtronic, one of the largest medical device companies in the world
- Renewal of License agreement with Swisscom, the leading Swiss telecom operator
- Expansion of our solution to Japan with our Global American Tech company customer
- New Partnership agreement signed with System Integrator and AWS Connect Partner, EPAM
- New structure of sales organization implemented
- Teneo 7.4 + Copilot released in January 2024
- Teneo.ai's advanced RAG solution unveiled for maximizing integration of Large Language Models (LLMs)
- Teneo.ai now available in the Microsoft Azure Marketplace, making it accessible for all Azure customers

**EVENTS AFTER THE QUARTER**

- New SaaS agreement signed with MedHelp Care, a company with one of Sweden's most used health platforms
- Renewal of SaaS agreement with a Global American Tech company
- Renewal of existing License agreement with UBS, a global financial services company
- Teneo.ai Awarded Best AI Telecom Solution in [Remend's 2023 AI Self-Service Automation Report and Buyer's Guide](#)

**KEY FIGURES** (FOR DEFINITIONS PLEASE SEE PAGE 19)

	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
Net sales (MSEK)	17.1	13.6	60.5
Recurring revenues (MSEK)	17.0	13.4	60.0
SaaS ARR (MSEK)	37.2	28.3	31.0
SaaS API Call Volumes (Million)	23.8	17.0	18.1
NRR %	141%	134%	145%
Gross margin %	79%	56%	67%
EBITDA adjusted (MSEK)	-8.5	-18.1	-50.7
Earnings per share, SEK	-0.0	0.1	-0.6
Cash flow from operating activities before changes in working capital	-4.0	-14.7	-53.8

## CEO STATEMENT



**Per Ottosson**  
CEO

Dear Shareholders,

First of all a big thank you for the vote of confidence in the oversubscribed 26 MSEK rights issue closed this February. We are working hard to give back a great ROI on your investments. And when it comes to Natural Language we are the experts.

### Q1 2024 DELIVERS RECORD-BREAKING PERFORMANCE:

3 years in, our SaaS solution proves its value with unprecedented revenues, volume, and product expansion, hitting all financial KPIs. With gross margin at 79% it is clear that our software provides value and that our focus needs to be revenue growth. We are not a large company when it comes to employees. We are not large when it comes to revenues. But as far as impact on the Global stage we are really delivering results.

[Back in 2018 Google showed a demo of booking a hair salon appointment.](#) Since then, many companies have been hard at work to deliver this experience. But no one has achieved this fiendishly difficult task but Teneo. And customers keep expanding their usage of our technology pushing us to deliver even more and better functionality.

### MARKET AWARENESS OF TENEO.AI

In the current quarter, Teneo.ai's solutions deployed at ATT, Swisscom, and Telefonica garnered significant recognition, including a prestigious award from California-based Remend. Our innovative approach to enhancing customer engagement and Teneo.ai's capabilities were acknowledged as 'Best AI Telecom Solution' in Remend's 2023 AI Self-Service Automation Report and Buyer's Guide, amplifying market awareness of our offerings.

## MARKET DEMAND DRIVES PRODUCT DEVELOPMENT

All our customers are venturing into the world of Generative AI and LLMs (Large Language Models). This led to some Teneo based solutions launched in the fourth quarter 2023 (and launched with Amazon in the first quarter 2024) like Teneo for RAG (Retrieval-Augmented Generation), Accuracy Booster for Amazon LEX and Generative AI Orchestration. Adding to the first quarter 2024 saw the introduction of a new and separate product - Gecholog.

### GECHOLOG.AI

Gecholog.ai is the missing link for customers that are deploying solutions on the new AI stack. In the world before ChatGPT shocked the market, communication between systems was almost always done with well structured data. And an industry evolved around controlling these data flows. Companies such as Splunk and Datadog sold the ability to see and audit the communication between applications. This monitoring was a necessity for any sort of compliance in a modern company. But with the advent of LLM the integrations both to and from applications are natural language and not structured data. And when it comes to Natural Language we are the experts. After being asked at a presentation at the Microsoft AI Inner Circle we built an LLM Data Governance concept in Teneo which was tested by partners and customers. As the functionality was clear we decided that this could not be a SaaS solution but needed to be a separate code base that could be deployed in the customers own environment. That recoding is now done and Gecholog.ai has been formed as a separate division within our company under the leadership of Daniel Eriksson. Gecholog.ai is an LLM Data Governance product which includes a free offering that will increase our footprint in the LLM space.

## NEW SALES

During the fourth quarter 2023 we reorganized to focus on new sales as well as developing existing customers. We have built an impressive Pipeline with companies with very large contact centers and I was expecting us to be able to close a few of these in the first quarter 2024. However, I misjudged the sales cycle length in these companies. As it became apparent that getting to signature in these really large enterprises would take longer we decided to quickly focus on creating a SaaS delivery at a lower price point. Already right after the quarter close our first customer in this delivery model – Medhelp – decided to use Teneo.ai in their employee health service. We will continue to focus on the large volume customers but also add small and medium sized customers that contribute to in selected segments.

## ARTIFICIAL-SOLUTIONS.COM OR TENEO.AI?

We started a transition in our go-to-market branding during last year and now all our customer facing material is on Teneo.ai. Furthermore, our sales organization are contacting prospects from Teneo.ai. This has proven positive for our market recognition and we want to take the next step in this direction and change the name of our company as well to Teneo.ai. We will therefore evaluate a potential change of the company name as well to Teneo.ai in the coming months.

## SALES AND MARKETING

As I mentioned the sales cycle related to the large customers has proven to be longer than we have hoped. There are several reasons for this, but the main one is the pressure in the market from startups building purely on the LLM technology. All our prospects have built Chatbots based on LLMs in the last few months which has taken focus away from the Voice channel. We and most of the market now know that an LLM based chatbot in itself will never be predictable and always correct. Take the below example from FastCompany on New York city's chatbot for business owners. Very smart people have been involved in fine-tuning this model. But still...

At times, the bot's answers veered into the absurd. Asked if a restaurant could serve cheese nibbled on by a rodent, it responded: "Yes, you can still serve the cheese to customers if it has rat bites," before adding that it was important to assess "the extent of the damage caused by the rat" and to "inform customers about the situation."

Connecting LLMs to a voice-service increases the complexity even more. With the references we have – companies like Microsoft, Swisscom, Telefonica – some of the smartest organizations on earth – now is the time to push on marketing and sales.

## IN SUMMARY

Thank you shareholders for your confidence. The first quarter 2024 is our best quarter yet. We delivered class-leading growth, margin and NRR. We surpassed our planned 65 MSEK ARR, thanks to the best implementations of Natural Language AI in the world. We will double down on helping more companies achieve better service at a lower cost enabling them to experience lower churn and more new sales.

**Per Ottosson, CEO**

## Sales Development

### REVENUE MODEL, KPI'S AND FINANCIAL TARGETS

The company introduced the SaaS business and delivery model in the fourth quarter 2020 and our financial targets were announced in the third quarter 2022 and are:

- >1 billion API calls during 2024
- >200 MSEK in ARR during 2025
- Cash flow positive from operations during 2024
- A long-term EBITA margin exceeding 30% in a mature state

In our SaaS business model, revenue recognition happens at the actual usage/consumption of the product/services and any increases/decreases in the monthly recurring revenues are instantly captured in the SaaS ARR metric.

The revenue streams in the 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 providing of Expert services.

Professional services are no longer in focus for us as a company as we prefer our partners to provide the professional services to customers. 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.

### NEW WAY OF MEASURING ARR FROM BEGINNING OF THE FOURTH QUARTER

With start from the fourth quarter 2023, the company has changed the computation and reporting of the ARR metric, which is computed as the average monthly recurring revenues over the quarter multiplied by 12. This change provides a more accurate representation of the annual recurring revenues and avoid monthly fluctuations which happen in our business.

The SaaS business model is growing in importance. The recurring revenues derived from SaaS customers for the first quarter 2024 amounted to 9.3 MSEK and constituted 55% of total recurring revenues, 17.0 MSEK, and 54% of net sales. This number will grow as we: add more customers to the SaaS model, ramp up existing customers in terms of API call volumes, and continue to convert existing customers to the SaaS model. Our Expert Services revenues are low and will be limited going forward as well due to our focus on recurring revenues.

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 metric coupled with the SaaS ARR are also part of our new financial targets.

The monthly average SaaS API call volumes in active customers, increased from 17.0 million in the first quarter 2023 to 28.8 million in the first quarter 2024, equivalent to a growth of 40%. This number shows that volumes are back, and the impact from the last 4 months of 2023 due to two of our US customers closing the WhatsApp channel, has been overcome. At the beginning of 2024, the two US customers have restarted their WhatsApp channels albeit with many limitations for security reasons and the first quarter of 2024 has continued on a positive growth trajectory versus the fourth quarter 2023, resulting in a growth of 32% versus the fourth quarter 2023.

The existing non-SaaS customers experienced -9% reduction in quarterly average API call volumes between the first quarter 2023 and the first quarter 2024. Some of the non-SaaS customers agreements have pricing based on volume thresholds, which means that once reached the threshold, customer is charged on a volume consumption basis.

This, together with the growth driven by Non-SaaS customers solutions based on a pay per consumption model, makes that, even if the API call volumes were lower in the first quarter 2024 versus the first quarter 2023, revenues on usage on Non-SaaS customers have grown 34% in the first quarter 2024 versus the first quarter 2023. In this case, the better results from the commercial terms for the non-SaaS customers agreements, were the driver behind the growth in recurring revenues and total ARR. Due to the fact that the API calls generated by non-SaaS customers are not always directly linked to the Usage revenues, we are not disclosing the volumes.

**SaaS API Calls Quarterly Average (million) + 40% YoY**



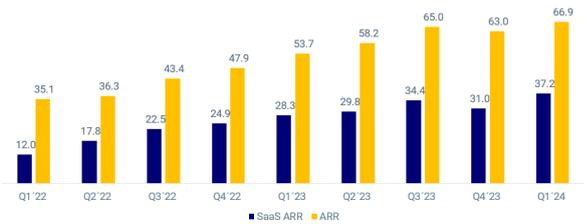
A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero. As per 31<sup>st</sup> of March, there are 11 SaaS customers. In April 2024, the company signed a new SaaS agreement, so 12 SaaS customers at the time of presenting this report.

The company strategy is to focus on partnerships. The distribution channels of the company through its partners, means that one subscription would entitle the partner to have multiple customers, representing one customer for Artificial Solutions even if revenues would be multiplied. For that reason, SaaS API call volumes is the key operational metric to track and for this reason, the company may not report the total number of customers as the company revenues grow further.

SaaS ARR (annual recurring revenues) is defined as the average monthly recurring revenues over the quarter generated in the SaaS model multiplied by 12 (months). See chart below starting first quarter 2022 for graphical details.

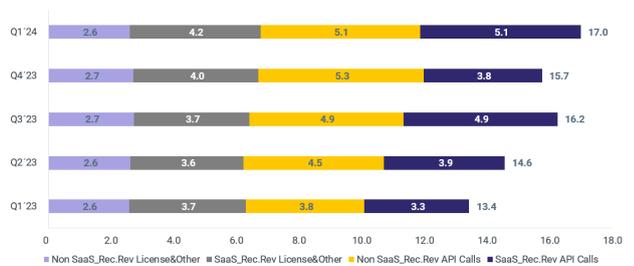
The SaaS ARR in the first quarter 2024 amounted to 37.2 MSEK, an increase from 28.3 MSEK in the same period 2023, equivalent to a growth of 32%. ARR for total business amounted to 66.9 MSEK in the first quarter 2024, an increase from 53.7 MSEK in the same period 2023, equivalent to a growth of 25%.

**SaaS and Total ARR Quarterly Average (MSEK) + 32% SaaS YoY**



The recurring revenues (Usage, License and Support) for the first quarter 2024 amounted to 17.0 MSEK (13.4), equivalent to 99% (98) of net sales and an increase of 27% compared with the same period last year. The usage revenues (Usage) for the first quarter 2024 amounted to 10.3 MSEK (7.1), equivalent to 60% (52) of total net sales and an increase of 44% compared with the same period last year. On the graphic below, the development and growth in the recurring revenues by type is highlighted.

**Recurring Revenues by Type (MSEK)**



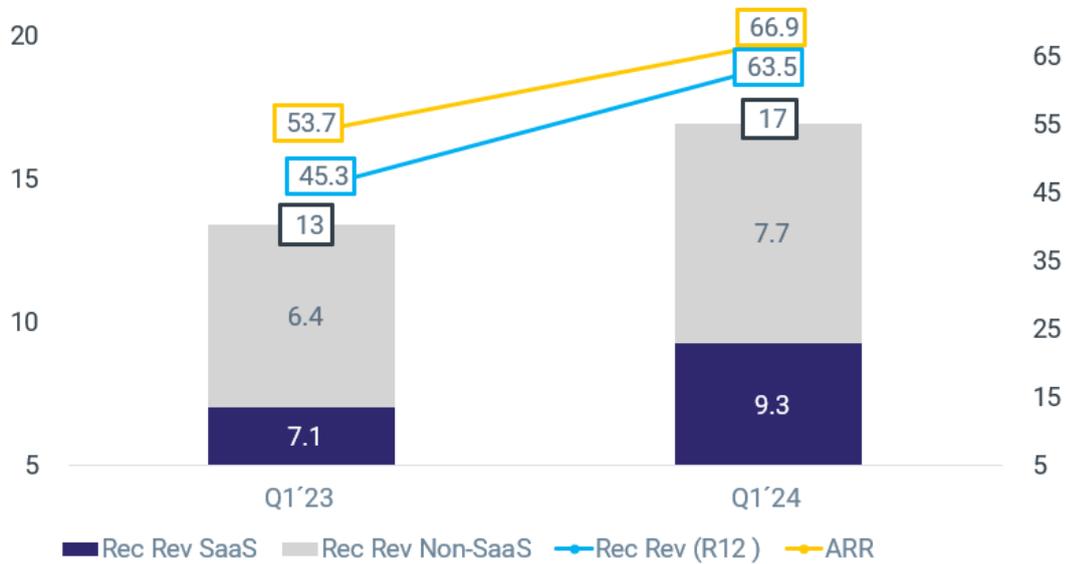
The growth in API calls and API call/Usage revenues is key for our gross margin to improve from current levels. Graphic below shows the evolution of our gross margin as our API call volumes grow.

**Gross Margin %**



On a rolling 12-month basis the recurring revenues in the first quarter 2024 amounted to 63.5 MSEK (45.3), equivalent to 99% (92) of total net sales and an increase of 40% compared with the same period last year. The SaaS recurring revenues on a rolling 12-month basis in the year 2023 amounted to 33.3 MSEK (23.2), a growth of 44% compared with same period last year.

## YoY Recurring Revenues, SaaS and Total ARR (MSEK)



## JANUARY TO MARCH 2024

Net sales for the first quarter 2024 amounted to 17.1 MSEK (13.6), equivalent to an increase of 26% compared to the same period last year. The recurring revenues in the first quarter 2024 amounted to 17.0 MSEK (13.4), equivalent to 99% (98) of total net sales and an increase of 27% compared with the same period last year. A high percentage of recurring revenues of total net sales provides stability and visibility and is the foundation of our SaaS model.

Personnel costs in the first quarter 2024 amounted to -21.0 MSEK (-25.3). The lower personnel costs in the first quarter 2024 compared to same period last year is mainly due to the reduction on number of employees, 61 during March 2024 (76). In addition to the employed staff, the company also has commitments with specialized contractors, total cost in the first quarter of 2024 amounted to -2.5 MSEK (-1.8 MSEK). These costs are recorded under Other Operating Expenses. Total number of consultants end of March 2024 amounted to 7 (5).

Depreciation and amortization in the first quarter 2024 amounted to -4.0 MSEK (-3.7). Capitalized R&D for the same period amounted to 5.5 MSEK (3.9). The increase is due to a higher capitalization rate.

Total operating expenses, including depreciation and amortization, in the first quarter 2024 amounted to -37.8 MSEK (-41.9). The decrease in operating expenses is mainly due to reduction of personnel costs.

The annual operating expenses run rate in the first quarter, excluding depreciation and amortization, non-recurring items of -1.4 MSEK and cost of sales of -3.6 MSEK have increased from -108 MSEK in the fourth quarter 2023 to -110 MSEK (-116) in the first quarter 2024. The average monthly operating expenses in the first quarter 2024, excluding depreciation and amortization, non-recurring cost items and cost of sales amounted to -9.1 MSEK (-9.6).

## FINANCIAL ITEMS AND TAX

Net financial items for the first quarter 2024 amounted to 4.0 MSEK (-29.8).

The interest income and costs for the first quarter 2024 amounted to -3.6 MSEK (23.9). The interest cost for the credit facility in the first quarter 2024 amounted to -3.6 MSEK, (of which -2.6 MSEK correspond to real interest and -0.9 MSEK to the capitalized costs related to the transaction). The interest rate is a 4.00% fixed interest rate and is not payable until maturity in December 2026. The net financial items for the first quarter were impacted with 7.5 MSEK of currency exchange rate differences, of which 9.7 MSEK are unrealized exchange rate differences, and -2.1 MSEK are realized.

The positive net impacted interest costs in the first quarter 2023 were the result of the renegotiation of the existing facility agreement, effective date March 2, 2023. The reversal of the written off interest of 28 MSEK was materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023.

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2023 and 2024.

## **CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION**

Cash flow from operating activities before changes in working capital in the first quarter of 2024 amounted to -4.0 MSEK (-14.7).

In the first quarter 2024, adjustments for items not affecting cash flow amounted to 3.8 MSEK (-4.5) and it mainly corresponds to currency differences from consolidation.

In January 2024, the company received a cash payment of 4.3 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments.

Cash flow from operating activities for the first quarter 2024 amounted to -7.9 MSEK (-7.8).

Cash flow from investing activities in the first quarter 2024 amounted to -5.6 MSEK (-4.0) and relate mainly to capitalized R&D expenditures. The increase in investing activities is an effect of a higher capitalization rate.

Cash flow from financing activities for the first quarter 2024 amounted to 22.9 MSEK (76.7). In February 2024, the company received the proceeds from the rights issue of 25.6 MSEK before transactional costs. Costs associated to the transaction amounted to -2.8 MSEK. In the first quarter 2023, the company received 95.9 MSEK of proceeds from the right issue before transactional costs of -22.1 MSEK.

The company's cash and bank position as of March 31, 2024, amounted to 24.6 MSEK (83.1). During the second quarter 2024, the company has received 4.2 MSEK from payments of customer receivables. Adjusted customer receivables of open balances from end of quarter position, the company's cash and bank position as of March 31, 2024, would have amounted to approximately 29 MSEK.

With the steps mentioned before, 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 2024 net sales amounted to 0.4 MSEK (0.4), all of them recurring revenues. These are revenues from a single customer agreement entered into with the parent company.

In the first quarter 2024 operating expenses amounted to -5.3 MSEK (-5.6). The parent company centralizes the contract with the group supplier of cloud services.

Net financial items for the first quarter of 2024 amounted to -3.2 MSEK (25.7) of which -2.6 MSEK relate to interest costs and -0.9 MSEK to capitalized transaction costs. In the previous year, the positively impacted interest costs are the result of the renegotiation of the existing facility agreement. Effective date of the new agreement was March 2, 2023. As a result of the renegotiation, 28 MSEK of interests were written off and were materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023.

### FINANCING

In February 2024, the company received 25.6 MSEK in proceeds before deduction of costs related to the rights issue, announced in December 2023. The rights issue was oversubscribed with a subscription rate of 166%. The total number of shares outstanding after completion of the rights issue amount to 273,144,240.

In January 2024, the company received 4.7 MSEK in cash tax refund for performed R&D work in 2021, further strengthening the cash position of the company.

### SIGNIFICANT RISKS AND UNCERTAINTIES

The company is not experiencing any direct negative impact due to the current active Political and Geopolitical conflicts. Our company has no operations nor customers in conflict zones.

The company is not experiencing disruption on its operations due to regulatory shifts concerning data privacy, security, or compliance. The company remains vigilant in addressing regulatory modifications prompted by the AI Act

For further information about risks and uncertainties, see page 27 and 28 in the 2022 Annual report, which you can find on <https://www.investors.artificial-solutions.com>.

## RELATED-PARTY TRANSACTIONS

The company does not have any agreement with any related party.

## EMPLOYEES

The headcount end of March 2024 amounted to 59 (70). The number of full-time equivalent employees in the group in March, 2024, amounted to 58 (73). In addition to the employed staff, the company also has commitments with specialized contractors, 7 consultants in total at the end of March 2024.

## EVENTS DURING THE QUARTER

### TAX CREDIT REFUND

On January 25, 2024, the company received cash payment of 4.7 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments in 2021.

### RIGHTS ISSUE PROCEEDS

The successful rights issue provides the company with approximately 25.6 MSEK before deduction of costs related to the rights issue. The rights issue was oversubscribed with a subscription rate of 166%. The total number of shares outstanding after completion of the rights issue is 273,144,240.

## PEOPLE

Following strategic review, the company has restructured its Sales organization into two units: New Business and Global Channels, led by Chris McManus and Customer Sales and Engagement, led by Patrik Rosenberg.

## EXISTING CUSTOMERS

Renewal of SaaS agreement with Medtronic, one of the largest medical device companies in the world, incorporating an additional subscription to the existing.

Renewal of License Agreement with Swisscom for one year.

Expansion of our solution of a Global American Tech company to the Japanese market.

## NEW PARTNERSHIPS

In February 2024, the company signed a partnership agreement with the System Integrator and AWS Connect Partner, [EPAM](#). EPAM has global coverage of the AI market with 280 of the world's largest customers and 58,000 employees. This partnership is bringing to the company several business opportunities.

### TENEO 7.4 LAUNCHES WITH GROUNDBREAKING GENERATIVE AI COPILOT FEATURES TO TRANSFORM CHAT DEVELOPMENT

Teneo.ai announced the release of Teneo Studio 7.4, a groundbreaking update that integrates innovative Co-pilot features. With this update, developers can now effortlessly integrate their LLM into their bot, taking chat interfaces to the next level.

### TENEO.AI UNVEILS ADVANCED RAG SOLUTIONS FOR ENTERPRISE AI

Teneo.ai announced its advanced Retrieval-Augmented Generation (RAG) capabilities, setting a new standard in the optimization, maximization, and integration of Large Language Models (LLMs) for enterprise applications.

This announcement highlights Teneo.ai's commitment to addressing the critical business aspects of Generative AI control while significantly reducing operational costs.

#### 98% Cost Efficiency in LLM Deployments

Understanding the importance of cost in AI implementation, Teneo's solutions use the FrugalGPT methodology to harness 98% cost savings in your Large Language Model (LLM). Together with the platform Teneo businesses can integrate any LLM, such as OpenAI's GPT, with its Contact Center AI offering at any time, empowering businesses with the agility, precision, and control needed to fully utilize Generative AI's potential using their own trained datasets.

#### Controlling AI Outputs and Minimizing Hallucinations

Teneo's RAG approach is specifically designed to minimize LLM hallucinations, where AI generates incorrect or fabricated text. This is crucial in maintaining accuracy and reliability of customer service interactions. Teneo ensures that outputs are controlled and factual, enhancing trust in AI-powered communications.

### Streamlining Process Flows for Multi-Transactional Operations

Teneo's RAG excels in managing complex, multi-transactional process flows, enabling seamless integration of various customer service operations. This capability ensures efficient handling of diverse customer interactions, from simple queries to complex transactions.

### Advanced Analytics for Informed Decision Making

Teneo's platform includes sophisticated analytics tools, providing deep insights into customer interactions and AI performance. This data-driven approach aids businesses in continuously refining their AI strategies for optimal results.

### Ensuring Privacy with PII Anonymization

Teneo prioritizes data privacy and compliance. The Teneo RAG approach includes robust PII (Personally Identifiable Information) anonymization protocols, ensuring customer data is handled securely and in accordance with privacy regulations.

### Handling Multiple Use-Cases with Diverse Data Sources

Teneo's RAG is adept at managing multiple use-cases, drawing on various data sources with different weights. This flexibility allows businesses to tailor the AI's responses based on specific needs and contexts, enhancing the relevance and accuracy of interactions.

## TENEO.AI NOW AVAILABLE IN THE MICROSOFT AZURE MARKETPLACE

[Teneo.ai](#) Conversational AI Platform is since March 2024 available in the Microsoft [Azure Marketplace](#), an online store providing applications and services for use on Azure. Teneo.ai customers can now take advantage of the productive and trusted Azure cloud platform, with streamlined deployment and management. This availability marks a significant milestone for Teneo.ai, emphasizing its commitment to providing seamless, scalable high-volume and secure AI solutions to businesses worldwide.

## EVENTS AFTER THE QUARTER

### NEW CUSTOMERS

The company has signed a SaaS agreement with MedHelp Care for AI-Based voice chatbot. **MedHelp Care** offers one of Sweden's most used health platforms for employers. The company's roughly 500 customers with approximately 200,000 employees, will also have the opportunity for AI-based absence reporting via telephone through a voice chatbot from the AI platform Teneo. Artificial Solutions will integrate Teneo's voice chatbot into MedHelp Care's telephone service. This will reduce waiting times, increase the level of service, and free up nurses' time for more complex advice.

Thanks to our newly shaped sales organisation, specifically focused on the US, Northern Europe and the German market, the company is building a pipeline rapidly which will help on growing our business.

### EXISTING CUSTOMERS

In April 2024, renewal SaaS agreement has been signed with a Global American Tech company.

During second quarter 2024, also license agreement with, UK division of UBS, a global financial services firm, has been renewed.

## TENEO.AI AWARDED BEST AI TELECOM SOLUTION

Teneo was awarded "Best AI Telecom Solution" in [Remend's 2023 AI Self-Service Automation Report and Buyer's Guide](#). With an AI orchestration platform that automates Contact Center as a Service (CCaaS) for more accurate customer service, they have become a go-to provider in the telecommunications space. The full [Remend 2023 AI Self-Service Automation Report and Buyer's Guide](#) is now available for purchase. It is a resource for industry leaders, decision-makers and professionals interested in better understanding the transformative services of AI-driven voice technology and digital self-service automation.

## SHARE-RELATED INCENTIVE PROGRAM

### INCENTIVE PROGRAMS SUMMARY

On March 31, 2024, there are four existing warrant programs available whom all have been recalculated following the recently executed rights issue:

Programs	Number of warrants	Strike Price (SEK)
2019/2024	601,392	14.9
2020/2025:1	3,900	8.0
2021/2024:1	239,950	3.9
2023/2026	11,381,010	1.5

The 2023/2026 Program entitles the warrant holders to subscribe for 23,943,101 new shares, equivalent to a dilutive impact of 8.0%.

2019/2024 Program expires in June 2024 and the 2021/2024:1 Program expires in October 2024. These two Programs are not likely to have any dilutive impact.

### THE COMPANY'S MAJOR SHAREHOLDERS

Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm under the ticker "ASAI".

Number of shares as of March 31, 2024, amounted to 273,144,240.

	31 MAR 2024	31 MAR 2023
Number of shares at the end of the period	273,144,240	102,429,090
Average number of shares before dilution	273,144,240	102,429,090
Average number of shares after dilution	273,144,240	102,429,090

The 10 largest shareholders on March 31, 2024, are listed below:

Shareholders	Capital %
Sven Härgestam	11.1%
SEB-Stiftelsen	11.0%
Theodor Jeansson Jr.	6.9%
Stockhorn Capital AB	6.7%
Avanza Pension	5.0%
Johan Hernmarck	4.6%
AB Couronne	4.5%
Ulf Johansson	4.4%
Sunhold B.V.	3.7%
Niclas Nyström	2.9%

## AUDIT REVIEW REPORT

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

### FINANCIAL CALENDAR

- Annual Report Publication May 27, 2024
- Annual General Meeting June 25, 2024
- Interim Report for the second quarter of 2024, August 21, 2024
- Interim Report for the third quarter of 2024, October 24, 2024

Stockholm, April 26, 2024

**Per Ottosson, CEO**

Artificial Solutions financial reports are available at the corporate website: [www.investors.artificial-solutions.com/financial-reports](http://www.investors.artificial-solutions.com/financial-reports).

Artificial Solutions International is listed on Nasdaq First North Growth Market in Stockholm with short name ASAI. Redeye Certified Adviser is the Company's Certified Adviser ([Redeye - Nordic Growth](http://Redeye - Nordic Growth) , tel. +46 (0)8 121 576 90 , e-mail [certifiedadviser@redeye.se](mailto:certifiedadviser@redeye.se) ).

## GROUP FINANCIAL STATEMENTS

## GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
Net Sales	17.1	13.6	60.5
Capitalized amount for own accounts	5.5	3.9	20.9
Other operating income	1.3	0.0	-1.2
<b>Total operating income</b>	<b>23.9</b>	<b>17.5</b>	<b>80.3</b>
Personnel costs	-21.0	-25.3	-88.4
Other external costs	-12.7	-12.9	-50.1
Depreciation and amortization on fixed assets	-4.0	-3.7	-14.2
Other operating expenses	-0.0	0.0	-0.0
<b>Total operating expenses</b>	<b>-37.8</b>	<b>-41.9</b>	<b>-152.7</b>
<b>Operating loss</b>	<b>-13.9</b>	<b>-24.3</b>	<b>-72.4</b>
Net financial items	4.0	29.8	14
<b>Loss after financial items</b>	<b>-9.9</b>	<b>5.5</b>	<b>-58.0</b>
Tax on result for the period	0.0	0.0	0.0
<b>NET RESULT FOR THE PERIOD</b>	<b>-9.9</b>	<b>5.5</b>	<b>-58.0</b>

**GROUP CONSOLIDATED BALANCE SHEET**

MSEK	31 MAR 2024	31 DEC 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Capitalized expenditure for licensed software and development	42.6	39.6
Equipment, furniture, and fitting	0.0	0.6
Other non-current receivables	0.6	1.1
<b>Total non-current assets</b>	<b>44.3</b>	<b>41.3</b>
<b>Current assets</b>		
Current receivables	12.9	22.9
Cash and bank balances	24.6	15.2
<b>Total current assets</b>	<b>37.5</b>	<b>38.1</b>
<b>TOTAL ASSETS</b>	<b>81.8</b>	<b>79.4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	119.9	119.1
Share premium reserve	1,398.0	1,376.1
Other equity including result for the period	-1,731.7	-1,715.8
<b>Total Equity</b>	<b>-213.7</b>	<b>-220.6</b>
<b>Non-current liabilities</b>		
Liabilities to other lenders	254.0	250.5
Other non-current liabilities	4.9	4.7
<b>Total non-current liabilities</b>	<b>258.9</b>	<b>255.2</b>
<b>Current liabilities</b>		
Current liabilities	12.8	13.1
Accrued expenses and deferred income	23.9	31.7
<b>Total current liabilities</b>	<b>36.7</b>	<b>44.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>81.8</b>	<b>79.4</b>

**GROUP CONSOLIDATED CASH FLOW STATEMENT**

MSEK	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
<b>Operating Activities</b>			
Operating Loss	-13.9	-24.3	-72.4
<i>Items not affecting Cash Flows</i>			
Depreciation/amortization on assets	4.0	3.7	14.2
Other Adjustments	3.8	-4.5	-2.1
<i>Items affecting Cash Flows</i>			
Interest Paid and received	-2.2	5.1	1.1
Taxation paid and received	4.3	5.3	5.4
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4.0</b>	<b>-14.7</b>	<b>-53.8</b>
Changes in working capital	-3.9	7.0	-1.8
<b>Cash flow from operating activities</b>	<b>-7.9</b>	<b>-7.8</b>	<b>-55.6</b>
Cash flow from investing activities	-5.6	-4.0	-21.3
Cash flow from financing activities	22.9	76.7	74.0
<b>Net change in cash and cash equivalents</b>	<b>9.4</b>	<b>64.9</b>	<b>-3.0</b>
Cash and cash equivalents beginning of the period	15.2	18.2	18.2
<b>Cash and cash equivalents end of the period</b>	<b>24.6</b>	<b>83.1</b>	<b>15.2</b>

**GROUP CONSOLIDATED CHANGE IN EQUITY**

MSEK	31 MAR 2024	31 MAR 2023	31 DEC 2023
<b>Amount Brought Forward</b>	<b>-220.6</b>	<b>-233.7</b>	<b>-233.7</b>
New Issue of Shares	25.6	95.9	95.9
Transaction costs	-2.8	-20.6	-23.5
Warrant premiums	-	0.1	-0.1
Results for the period	-9.9	5.5	-58.0
Translation difference	-6.0	-5.3	-1.2
<b>Amount Carried Forward</b>	<b>-213.7</b>	<b>-158.1</b>	<b>-220.6</b>

**KEY RATIOS**

MSEK	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
Net Sales	17.1	13.6	60.5
Recurring Revenues	17.0	13.4	60.0
Recurring Revenues %	99%	98%	99%
SaaS ARR	37.2	28.3	31.0
SaaS API Call Volume (Million)	23.8	17.0	18.1
NRR%	141%	134%	145%
Gross Profit	13.5	7.7	40.8
Gross Margin %	79%	56%	67%
EBITDA Adjusted	-8.5	-18.1	-50.7
Equity ratio	-2.6	-1.2	-2.8

## FINANCIAL STATEMENTS PARENT COMPANY

## PARENT COMPANY INCOME STATEMENT

MSEK	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
Net Sales	0.4	0.4	1.5
Other operating income	-	-	7.9
<b>Total operating income</b>	<b>0.4</b>	<b>0.4</b>	<b>9.5</b>
Other external costs	-5.3	-5.6	-17.4
<b>Total operating expenses</b>	<b>-5.3</b>	<b>-5.6</b>	<b>-17.4</b>
<b>Operating loss</b>	<b>-4.9</b>	<b>-5.2</b>	<b>-8.0</b>
Net financial items	-3.2	25.7	-36.5
<b>Result after financial items</b>	<b>-8.1</b>	<b>20.5</b>	<b>-44.5</b>
Tax on result for the period	-	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-8.1</b>	<b>20.5</b>	<b>-44.5</b>

**PARENT COMPANY BALANCE SHEET**

MSEK	31 MAR 2024	31 DEC 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Receivable from Group companies	127.7	115.8
Financial assets	283.6	283.6
Other non-current receivables		-
<b>Total non-current assets</b>	<b>411.3</b>	<b>399.5</b>
<b>Current assets</b>		
Current receivables	1.8	2.8
Cash and bank balances	19.1	11.8
<b>Total current assets</b>	<b>20.9</b>	<b>14.6</b>
<b>TOTAL ASSETS</b>	<b>432.2</b>	<b>414.0</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	119.9	119.1
Share premium reserve	1,398.0	1,376.1
Other equity including result for the period	-1,347.7	-1,339.7
<b>Total Equity</b>	<b>170.2</b>	<b>155.5</b>
<b>Non-current Liabilities</b>		
Liabilities to other lenders	254.0	250.5
<b>Total non-current liabilities</b>	<b>254.0</b>	<b>250.5</b>
<b>Current liabilities</b>		
Liabilities to Group companies		-
Current liabilities	5.5	4.8
Accrued expenses and deferred income	1.5	2.3
<b>Total current liabilities</b>	<b>8.0</b>	<b>8.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>432.2</b>	<b>414.0</b>

**PARENT COMPANY CASH FLOW STATEMENT**

MSEK	JAN-MAR 2024	JAN-MAR 2023	JAN-DEC 2023
<b>Operating Activities</b>			
Operating Result	-4.9	-5.2	-8.0
<i>Items not affecting Cash Flows</i>			
Depreciation/amortization on assets	-	-	-
Other Adjustments	-	-0.1	-0.4
<i>Other items affecting Cash Flows</i>			
Interest paid and received	0.0	-	0.7
Taxation paid and received	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4.9</b>	<b>-5.3</b>	<b>-7.6</b>
Changes in working capital	-10.5	-9.2	-64.7
<b>Cash flow from operating activities</b>	<b>-15.4</b>	<b>-14.5</b>	<b>-72.3</b>
Cash flow from investing activities	0.0	-	-
Cash flow from financing activities	22.8	76.7	73.7
<b>Net change in cash and cash equivalents</b>	<b>7.3</b>	<b>62.1</b>	<b>1.5</b>
Cash and cash equivalents beginning of the period	11.8	10.3	10.3
<b>Cash and cash equivalents end of the period</b>	<b>19.1</b>	<b>72.5</b>	<b>11.8</b>

**PARENT COMPANY CHANGE IN EQUITY**

MSEK	31 MAR 2024	31 MAR 2023	31 DEC 2023
<b>Amount Brought Forward</b>	<b>155.5</b>	<b>127.8</b>	<b>127.8</b>
New Issue of Shares	25.6	95.9	95.9
Transaction Costs	-2.8	-20.6	-23.5
Warrants	-	-0.3	-0.1
Results for the period	-8.1	20.5	-44.5
<b>Amount Carried Forward</b>	<b>170.2</b>	<b>223.2</b>	<b>155.5</b>

**DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR**

<b>FINANCIAL MEASURES</b>	<b>DESCRIPTION</b>
<b>Net Sales</b>	Reported net sales.
<b>Usage Revenues</b>	The amount of revenues derived solely from the usage of the Teneo Platform.
<b>Recurring Revenues</b>	Combined amount of revenues derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
<b>SaaS Recurring Revenues</b>	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data.
<b>SaaS ARR</b>	Annual recurring revenues based on last quarter average SaaS Recurring Revenues (Average of quarter Recurring Revenues from SaaS x 12 months).
<b>Net Revenue Retention (NRR)</b>	The percentage of recurring revenues last twelve months (deducting recurring revenues from new customers in the period and deducting revenues from lost customers), divided by recurring revenue last twelve months on the previous period, all average.
<b>Gross Profit</b>	Is calculated as the total net sales subtracted with the total cost of sales (for direct costs per hosting clients solutions together with commission paid to sales representatives and personnel cost of staff related to Existing Customers Expansion department).
<b>Gross Margin %</b>	Is calculated as the total Gross Margin expressed as a per cent of total revenue in the period.
<b>EBITDA</b>	Earnings before interest, tax, depreciation, and amortization.
<b>EBITDA Adjusted</b>	Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items and restructuring costs.
<b>Average number of shares before dilution</b>	Average number of shares during the period.
<b>Average number of shares after dilution</b>	Average number of shares during the period including number of shares at full dilution.
<b>API</b>	Application Programming Interface (API) that allows interaction between two applications.
<b>API Calls</b>	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions and calculated on last quarter average.
<b>SaaS API Calls</b>	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, via Microsoft Teams Meeting on April 26 at 09:00 a.m. CET.

Please connect using this [link](#).

## CONTACT INFORMATION

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## ABOUT ARTIFICIAL SOLUTIONS

### DIVERSE WORKFORCE

**25%**

Percentage of **female** employees in managing positions; 37% in the whole company.



**59**

Employees and 7 consultants from more than 21 different **nationalities**.

**19**

**Languages** spoken in-house.



### PATENTS & IP

**1.6 BSEK**



Amazon, Apple, Baidu, Google, Microsoft, Nuance, and IBM all have made forward citations of our pioneering **patents**.

### PARTNERSHIPS



Artificial Solutions & Microsoft enable the most advanced conversational technology for large enterprise and global contact centers. Teneo scales with high efficiency across Azure infrastructure and is deeply integrated with Azure Cognitive, OpenAI, Communication, and Analytics services.

### NLU ACCURACY

**95%**

High AI accuracy, crucial for voice-enabled AI chatbots, requires at least 90% accuracy to match human effectiveness. Using its advanced Teneo Linguistic Modeling Language (TLML™), Teneo is achieving over 95% accuracy, outperforming AWS Lex, IBM Watson, and Google DialogFlow.

### SUSTAINABILITY

**82%**

By enabling our customers to move from server-based to cloud deployments, we can achieve an average of **82% reduction in CO2**.



Artificial Solutions® (SSME: ASAI) is a leader in AI. Our platform, [Teneo®](#), is used by millions of people in hundreds of SaaS implementations in the private and public sectors worldwide. Our solution Teneo OpenQuestion optimizes AI for voice, automates customer service and reduces costs.

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Visit <http://www.investors.artificial-solutions.com> for more information.