

Artificial Solutions® (SSME:ASAI)

Q1 2023 Results | Presentation

PRESENTERS



Per Ottosson

| CEO

*Has +25 years of experience from leading positions in the software and SaaS industry
Most recently spent 10 years with IPSoft (Amelia) - US based vendor of enterprise AI
solutions - as Chief Revenue Officer*

M.Sc. Business & Administration, Stockholm School of Economics



Fredrik Törgren

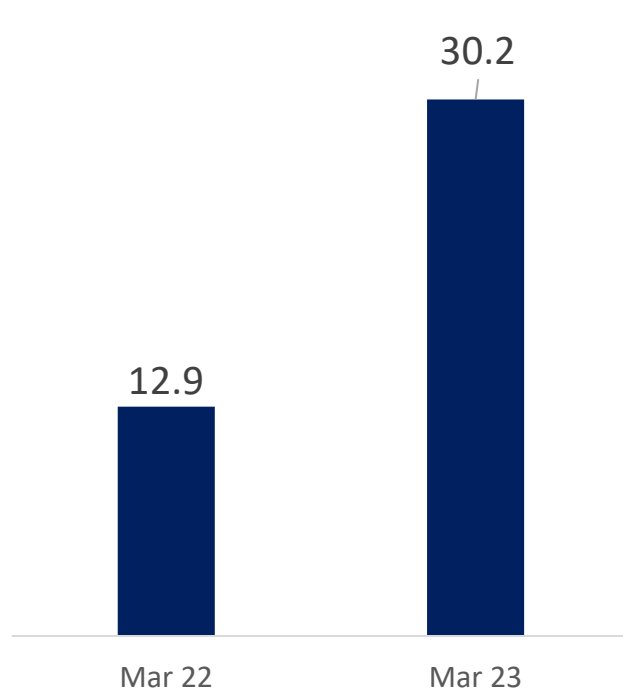
| CFO

*Various CFO & Finance roles in large corporates and in Private Equity-backed Technology and
SaaS companies*

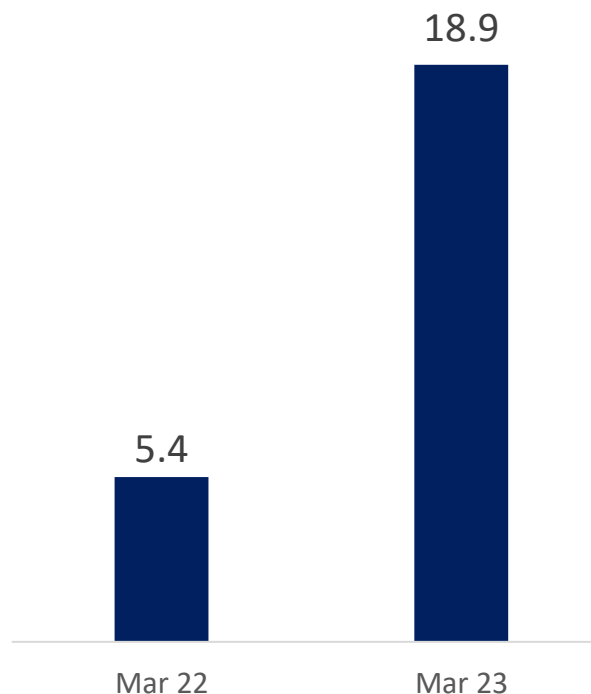
*Former Investment Banking experience with Handelsbanken Capital Markets and Pareto Securities
M.Sc. Business & Administration, Stockholm School of Economics*

STELLAR GROWTH MOMENTUM IN MARKET TAKING OFF

SaaS ARR (MSEK) + 134%



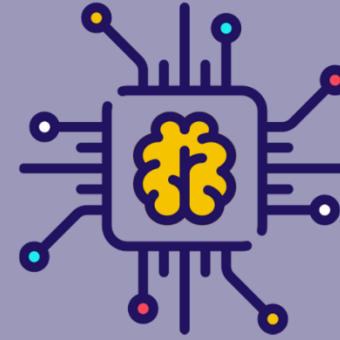
SaaS API Calls million per month 243%



SaaS Growth rate numbers massively outperforming the projected market growth rate projected by Gartner @ 48% CAGR until 2031



- Can you help me (service request)
- I have a question (information request)
- I need to get this done (action request)
- What should I do (decision request)
- Let me know when X occurs (notification request)



- What does the person want?
- What language are they using?
- Are people, places and details mentioned?
- What is the kind of request?
- Does the user seem happy or upset?
- Have we interacted before?

Conversational AI
done right=
Better NPS + Cost
Savings

ARTIFICIAL SOLUTIONS MARKET

TRANSFORMATIONAL MARKET SHIFT IN LINE WITH ARTIFICIAL SOLUTIONS' OFFERING AND BUSINESS MODEL



Contact Center Software Market to reach USD 165 Billion in market size by 2030, growing swiftly at a CAGR of 21%

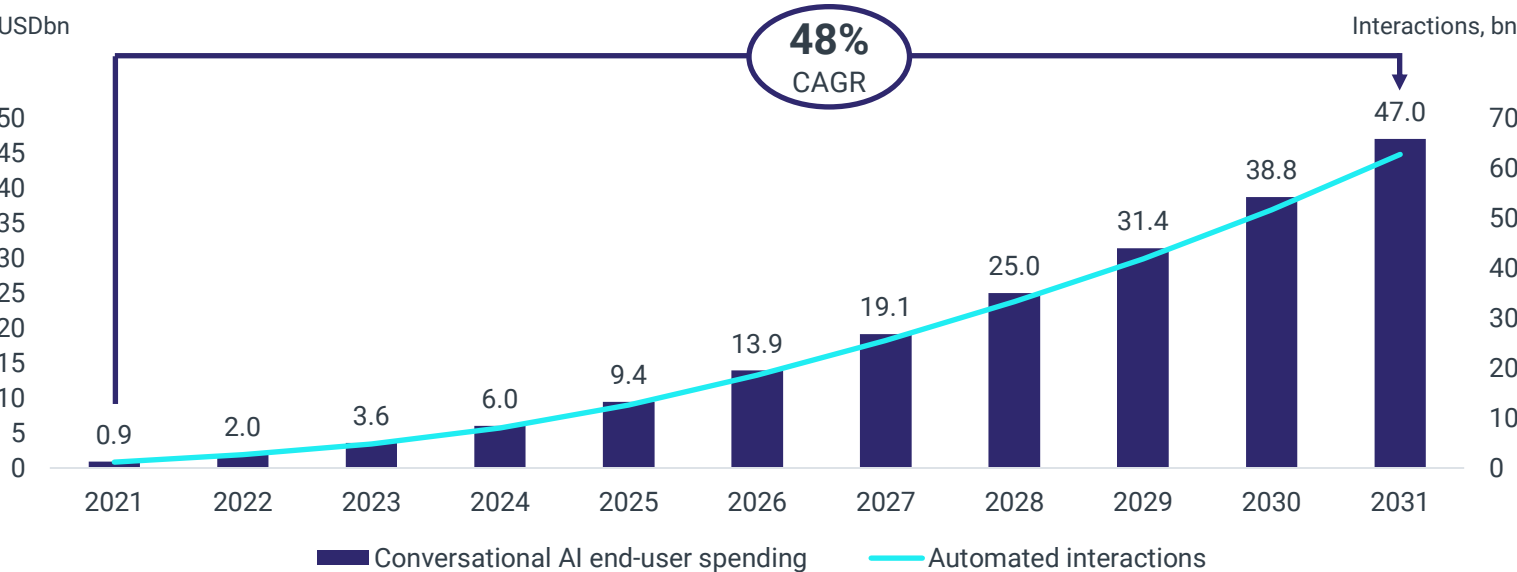
The global contact center software market size was worth USD 29.5 billion in 2021 and is predicted to reach USD 165 billion by 2030, registering a CAGR of 21% during the forecast period (2022-2030)



ARTIFICIAL SOLUTIONS' CORE MARKET AT A GLANCE

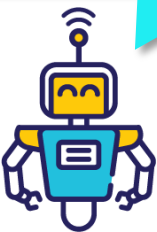


Significant potential on the global market for CAI in contact centers



Market automation

Main driver of market growth expected to be automation of existing contact center services, with around 30% of interactions being handled by AI in 2031



In the news

Recently approved bill in Spain limits call center wait time to **3 minutes**

Failure to comply may result in **fin**es of:

EUR
150 – 100,000

Call centers are incentivized to design and implement **more efficient processes**

Important market characteristics



Mega vendors and fragmented specialist landscape

- Large, heavily branded vendors, such as Microsoft and Google, offer powerful solutions that require large developer teams to implement
- Fragmented specialist CAI landscape – difficult to navigate for customers, though characterized by more user-friendly platforms, suitable for smaller customers



High cost of deployment limits customer base

- Implementations will be led by large deployments with financial resources to fund the professional services and planning to fully benefit from automation
- Over time, cost of deployment is expected to decrease as the industry, the offerings and the technology matures

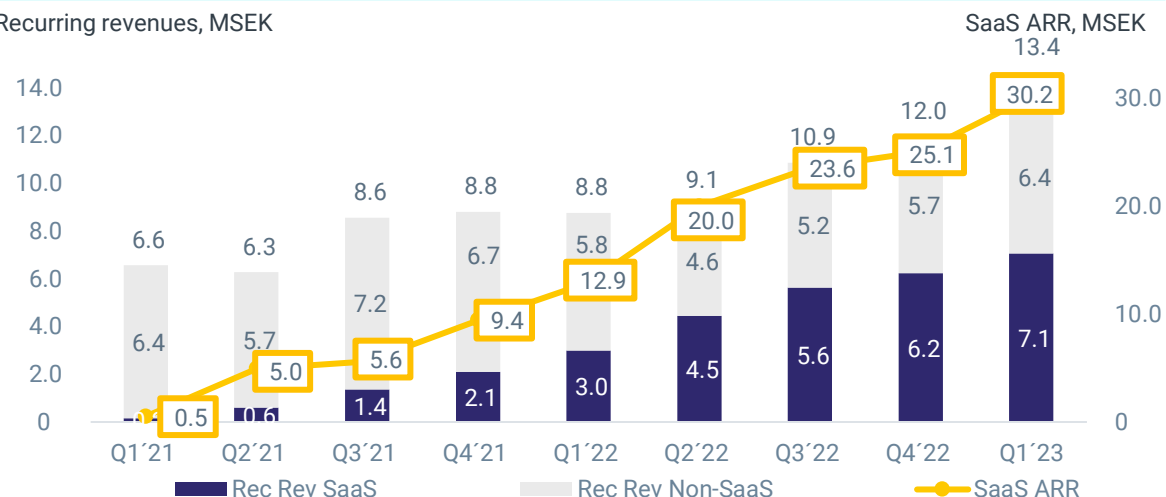
BRIEF INTRODUCTION TO ARTIFICIAL SOLUTIONS

Company overview

- Founded in 2001, Artificial Solutions offers a cloud-based software for Conversational AI (CAI), enhancing customer experience, capacity and resource-efficiency
- Its unique CAI platform named Teneo, allows businesses to create highly sophisticated and intelligent communication applications
 - Allows humans to communicate with applications through voice, speech and text
 - Supports +86 languages and is easy to implement in various applications such as virtual assistance, conversational bots and more
 - +70 live projects, handling over 200 million interactions annually, with the largest references in the 48% CAGR market
- Subscription based business model with considerable revenue upside as use increases with customer integration and applications – ongoing conversion from legacy to SaaS

Development of recurring revenues¹ and SaaS ARR^{2,3}

Recurring revenues, MSEK



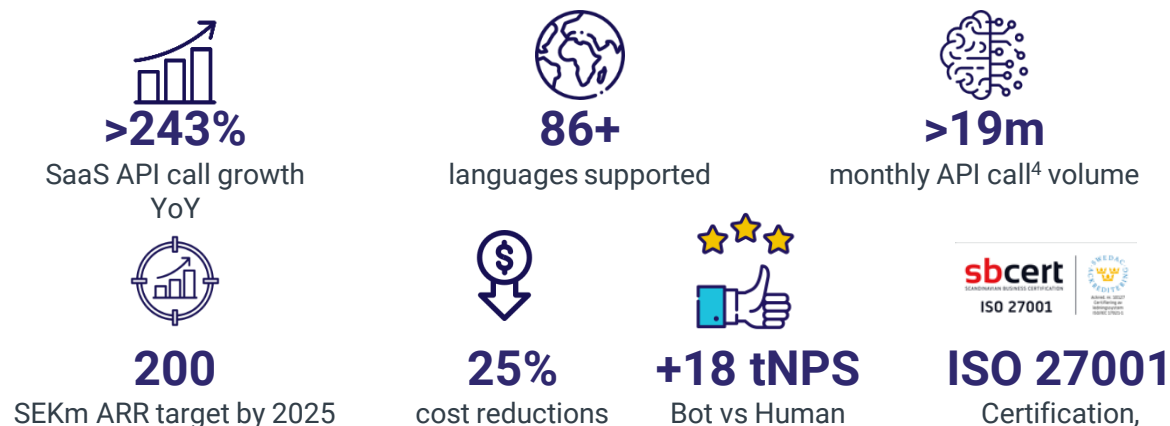
Select blue chip customers



Select partners



Artificial solutions in numbers



teneo.ai

OpenQuestion Teneo.ai

Launched in Q1 2023. The first solution on top of the SaaS platform Teneo.ai.

OpenQuestion



teneo.ai

Welcome to Customer Care

Listen & choose
carefully



teneo.ai

No longer.
It's time for a change!



Our Customer enquiry hotline will be considerably more productive thanks to human spoken interaction with our systems. Our voice-controlled hotline system improves the customer experience by assigning enquiries quickly and accurately, maximizing the valuable resources of our hotline agents.

Christoph Aeschlimann – CEO



There is a new solution that starts outside in and works with your tech. The first implementations are done and are delivering millions of satisfied customer calls

90% of calls correctly routed in 90 days



<https://vimeo.com/artificialsolutions/openquestion-at-swisscom-full>

Traditional IVRs

Please pay attention,
or get lost



Yes, your customers are frustrated...

Proportion of self-service calls abandoned	
2013	13%
2014	18%
2015	21%
2016	17%
2017	14%
2018	17%
2019	23%
2020	24%
2021	27%

“Half of survey respondents felt to some extent that their existing irreplaceable systems were holding them back...”

(Source: ContactBabel - The 2022 US Contact Center Decision-Makers' Guide)



35% push anything to get to any human

7% abandon

42% are irritated before they even state their question

The Problem



Customers are frustrated

- Customer don't understand how to maneuver the choices
- Up to 25% of the calls routed to the wrong agent
- Customer smash the keys to be transferred to human operator
- IVR trees grow big
- Callers abandon their calls



Routed calls cost at least 2x

- Understand the need, transfer to another agent, restate purpose
- Increased agent load

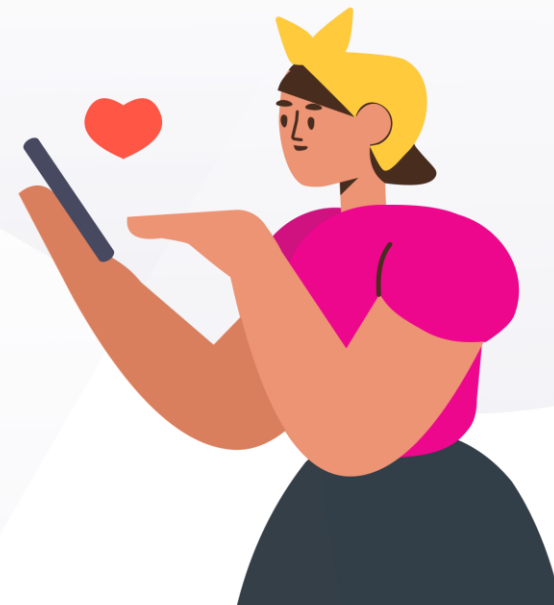


and... Customer Experience is **NOT** great.

- Large DTMF trees are frustrating – e.g.: "Nothing matches my problem"
- Increased wait time due to the extra amount of calls
- Multiple IVRs between multiple contact centers and business units mean users get transferred back and forth without proper resolutions

Enterprises has experienced 8% call workload reduction





The Solution

Listen to your customers

OpenQuestion is a secure and high-performing SaaS product that integrates with your voice contact center to achieve first-time-right routing based on open questions.

Improve Customer Experience



- A single voice of the company to match your voice of the customer
- Re-imagine how you greet your clients



Improve Total Cost of Ownership

- Produces a predictable business value in 4 months
- Re-imagine how you greet your clients

Q1 Operations and Numbers



Q1 2023 OPERATIONAL HIGHLIGHTS

- Launch of OpenQuestion, a new Voice and Conversational IVR Solution
- ChatGPT integration through Microsoft Azure Cognitive Services
- Teneo.ai launched – the offering website
- Successful closure of 96 MSEK rights issue
- First outbound call trials initiated
- SaaS ARR experiencing high growth
 - +134% March 2023 vs. March 2022
- Growth in SaaS API Call volumes
 - +243% March 2023 vs. March 2022
- Simplification measures initiated in the quarter leading to cost reductions in Q2 2023

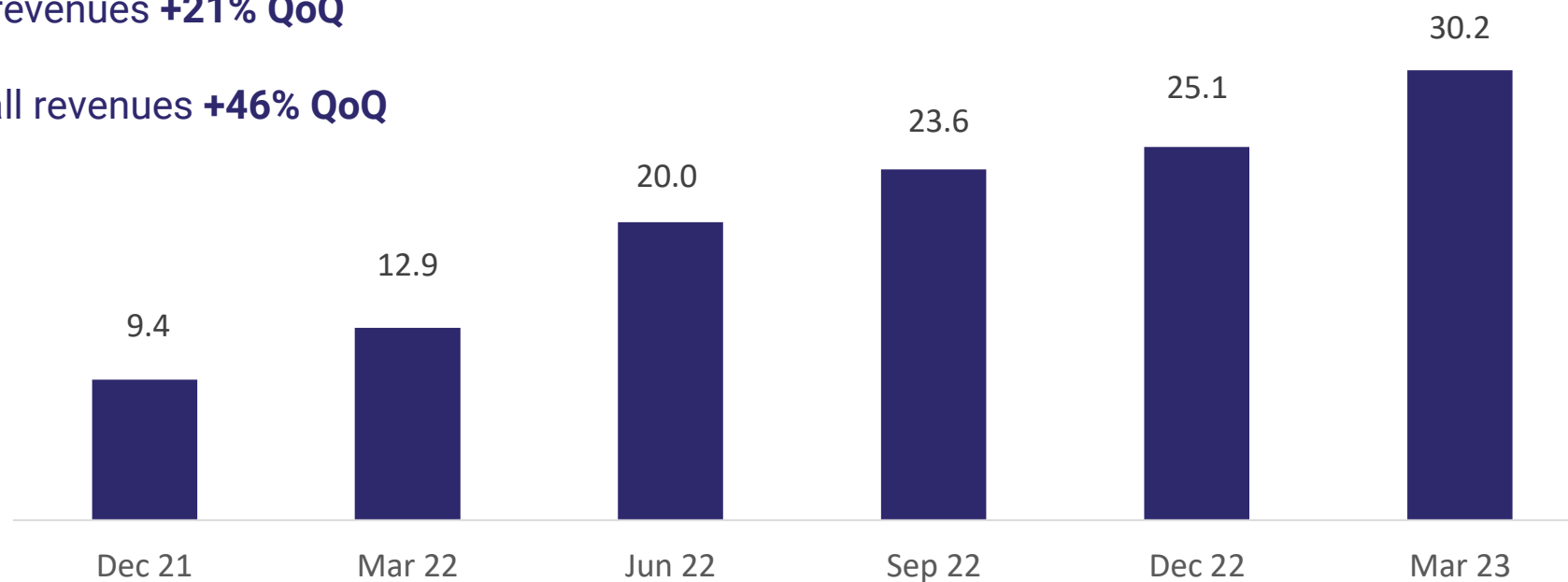
SAAS BUSINESS MODEL CONTINUES TO GROW

| SAAS ARR UP YoY AND QoQ

SaaS ARR (MSEK) + 134% YoY and +21% QoQ

Total SaaS revenues **+21% QoQ**

SaaS API call revenues **+46% QoQ**

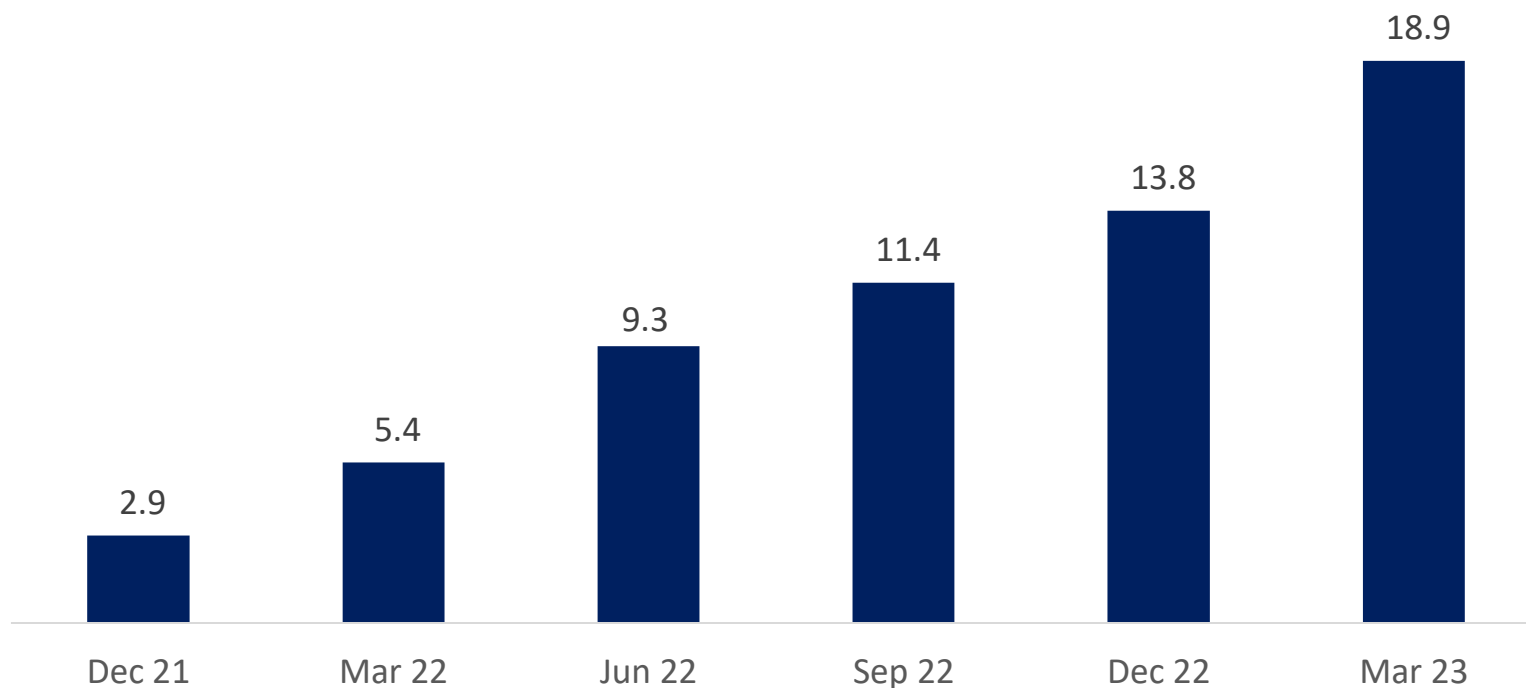


* ARR measured as SaaS recurring revenues generated from the SaaS revenue model last month in quarter multiplied by 12.

SAAS BUSINESS MODEL CONTINUES TO GROW

| SAAS ARR UP YoY AND QoQ

SaaS API Calls* (million) + 243% YoY and +36% QoQ



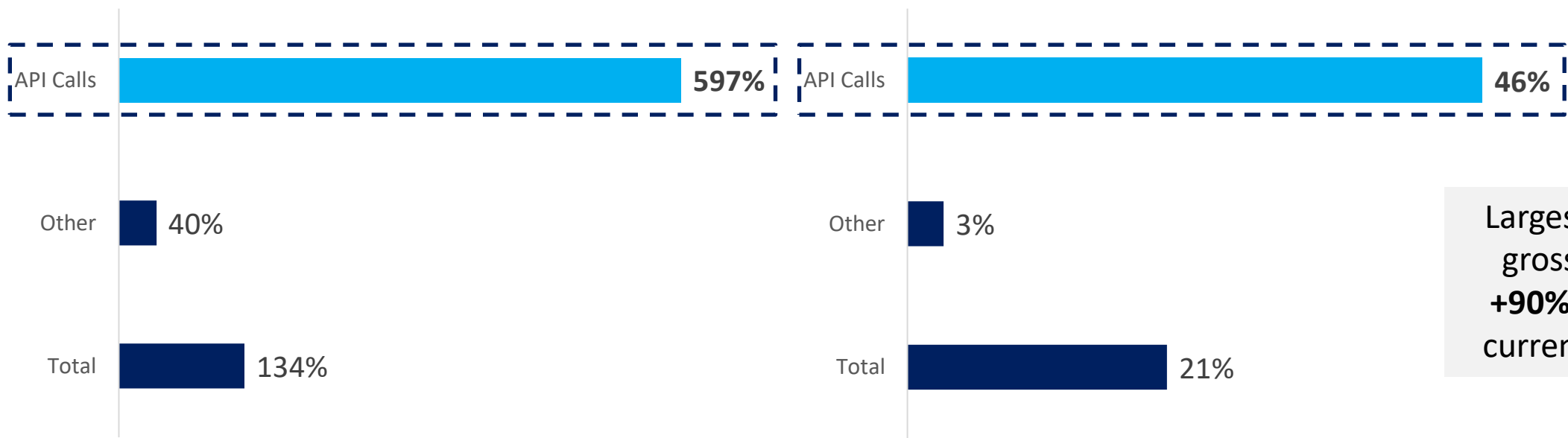
*API Calls Active Customers

HIGH OPERATING LEVERAGE IN OUR SAAS MODEL

| API CALLS KEY DRIVER OF OUR SAAS ARR GROWTH + 597% YoY & PROFITABILITY

YoY SaaS ARR Growth split by Revenue Type

QoQ SaaS ARR Growth split by Revenue Type



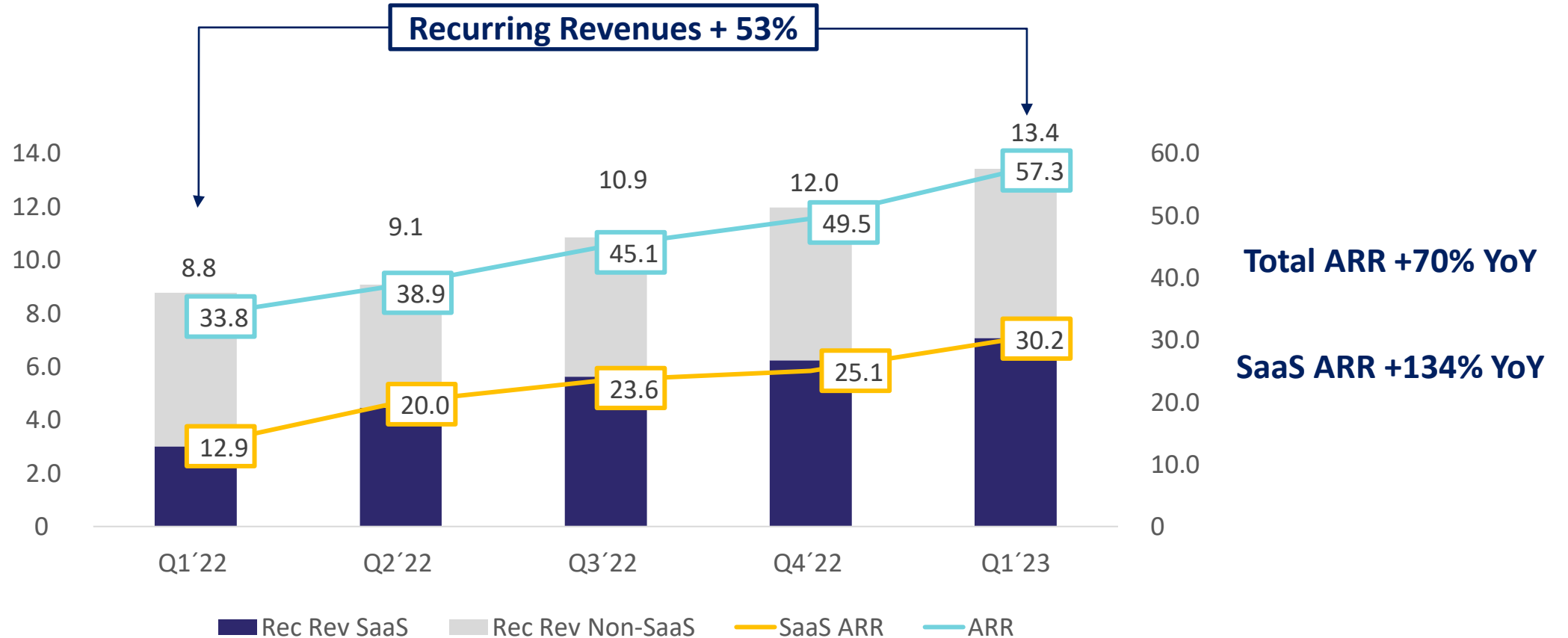
Largest SaaS customer's gross margin **exceeds +90% gross margin*** @ current API call volumes

*Gross margin: only direct costs related to compute costs. Commission and customer success costs are excluded.

GROWTH IN RECURRING REVENUES & ARR

| RAPID GROWTH YoY AND QoQ

Quarterly Recurring Revenues, SaaS and Total ARR (MSEK)



KEY FINANCIAL HIGHLIGHTS IN Q1 2023

| STRONG GROWTH TRAJECTORY ON ALL SALES METRICS

- SaaS ARR amounted to 30.2 (12.9) MSEK, + 134%
- Total ARR amounted to 57.3 MSEK (33.8), +70%
- Recurring revenues amounted to 13.4 MSEK (8.8), + 53%
- Net sales amounted to 13.6 MSEK (10.1), + 35%
- Growth in all relevant SaaS metrics Q4'22 vs. Q1'23
- Gross margin amounted 56% (60)
- EBITDA adjusted amounted to -18.1 MSEK (-17.9)
- Monthly adj. OPEX -9.9 MSEK (-10.1 MSEK Q4 2022)
- Cash position : 83.1 MSEK (2023-03-31)

SaaS Recurring Revenues as % of Total Recurring Revenues Q1 2023

53%

Recurring Revenues as % of Total Net Sales Q1 2023

98%

OPEX RUNRATE Q1 2023

| SIMPLIFICATION ACTIVITIES WILL LEAD TO LOWER COSTS IN Q2 2023

Annual OPEX Run Rate* MSEK



- OPEX(*) run rate of 116 MSEK in Q1 2023 vs. 121 MSEK Q4 22(**)
- Monthly OPEX(*) in Q1 2023 of 9.9 MSEK (10.1 MSEK Q4 22**)
- Reported OPEX decrease visible from Q2 2023 from simplification actions taken in Q1 2023

* OPEX adjusted for non-recurring items, cost of sales and simplification measures in Q1 2023.

** Q4 2022 restated with new cost of sales calculation.

KEY INVESTMENT HIGHLIGHTS



A prominent player in a market growing at 48% CAGR with SaaS ARR growing 134% y-o-y



Gross margins on fully onboarded customers approach 95%



Technology tailored for enterprise solutions with blue chip customers in key industries



Quality of offering paired with material switching costs support revenue retention



Main Enterprise virtual assistant software within the Azure ecosystem, providing a massive reach within the enterprise segment

Q&A