

**ARTIFICIAL
SOLUTIONS**

Artificial Solutions® (SSME:ASAI)

Q2 2021 Results | Presentation

**ARTIFICIAL
SOLUTIONS**

Per Ottosson, CEO and Fredrik Törgren, CFO

Tuesday, August 10, 2021

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*

ABOUT ARTIFICIAL SOLUTIONS

- Multi-award-winning Conversational AI for the Enterprise in 86 languages
- Founded in 2001; Listed on NASDAQ in Q1 2019
- Creators of Teneo, an advanced Enterprise Conversational AI Framework
- Own a unique corpus of natural language intelligence gathered from millions of human/machine conversations
- Patents and IP valued at \$100M

GLOBAL BLUE-CHIP CLIENTS



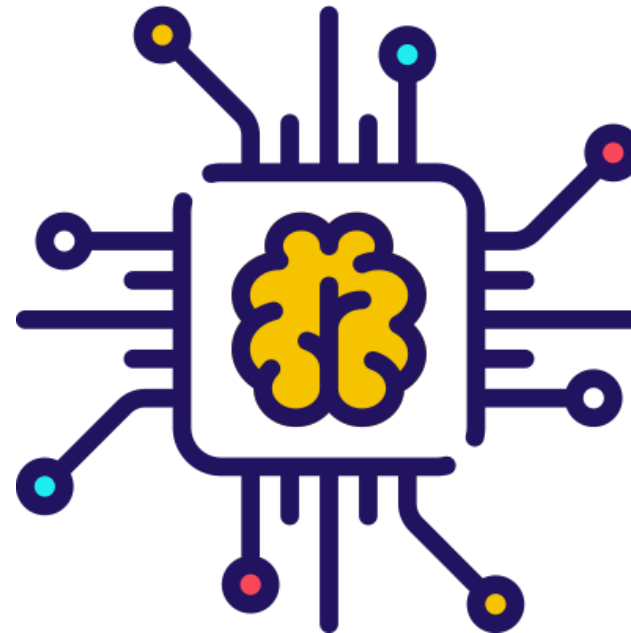
STRATEGIC PARTNERS



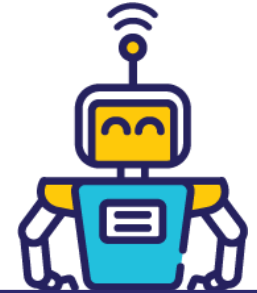
ARTIFICIAL SOLUTIONS MARKET



- 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)



Conversational AI



- 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?

50 BUSD Market
CAGR 20+ %

Q2 OPERATIONAL HIGHLIGHTS

- Strategically important SaaS deal with large multinational US Tech company
- Signed three-year SaaS deal with Telefónica Deutschland / O2, a leading telecom operator
- Signed a LUIS^Teneo SaaS deal together with our partner Microsoft with telecom operator A1 Bulgaria
- One of our partners, a large system integrator, signed up for and deploys LUIS^Teneo for own business
- Large multinational US Tech company ordered continued expansion in US and Japan from our partner
- Signed two renewal agreements with a US Government Department and Circle K
- Teneo Platform now supports 86 official languages – most covered languages in the market
- Gartner highlighted Artificial Solutions with Microsoft as a Practical Innovator for Conversational AI
- Appointment of Paloma Ramirez Diaz-Monis as Chief People Officer
- Successfully raised 120 MSEK in a directed share issue – to enable us to execute on our strategy
- 3 times more new customers already in 2021 vs 2020, 12% growth in recurring revenues R12

KEY FINANCIAL HIGHLIGHTS IN Q2 2021

- Net sales* amounted to 10.7 MSEK (12.5), down 14%
- Recurring revenues * amounted to 8.8 MSEK (8.9), down 1%
- Usage revenues * amounted to 3.8 MSEK (2.7), up 38%
- Rolling 12 months recurring revenues* amounted to 34.8 MSEK (31.1), up 12%
- Reported net sales amounted to 8.2 MSEK (15.4), down 47%
- Gross margin decreased to 67% (69)
- EBITDA adjusted amounted to -18.3 MSEK (-19.8)
- Cash position incl. unutilized credit facilities: 131.3 MSEK

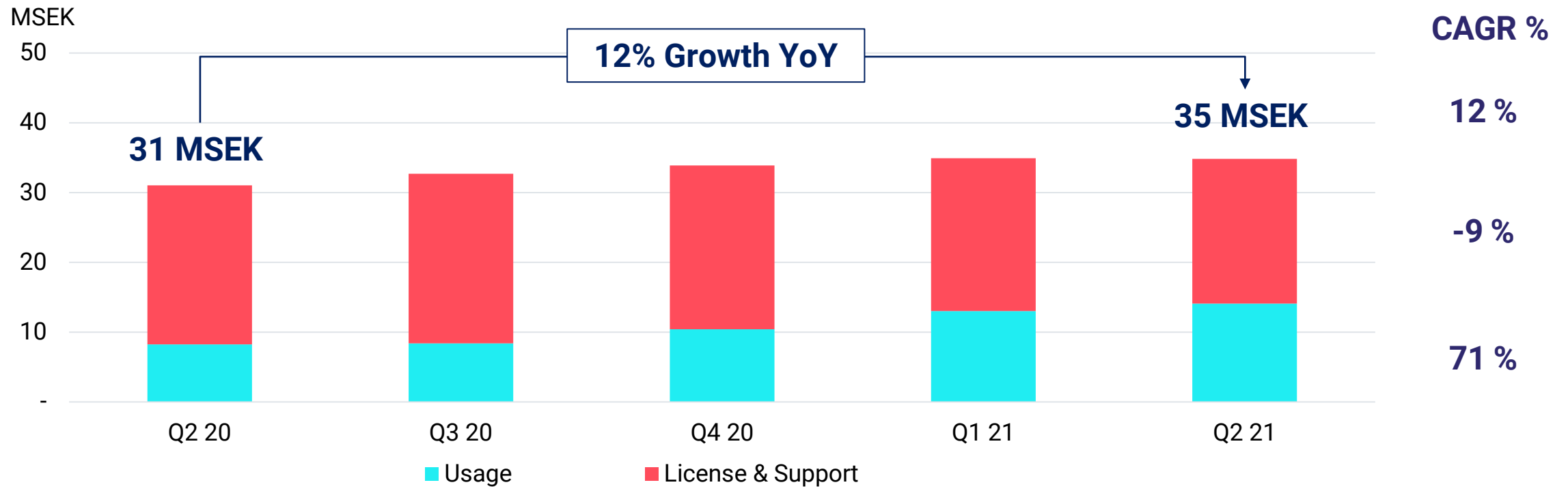
* Usage revenues have been adjusted to be linked to the new SaaS business model revenue recognition principles.

GROWTH IN RECURRING REVENUES

| KEY IN TRANSITIONING TO SAAS MODEL

R12 recurring revenues growing from 31 MSEK to 35 MSEK (12% growth) and usage revenues growing from 8 MSEK to 14 MSEK (71% growth) *

Recurring Revenues MSEK R12 Q2 2020 – Q2 2021*



* Usage revenues have been adjusted to be linked to the new SaaS business model revenue recognition principles.

CONTINUE ON OUR LOW OPEX TRAJECTORY

| 37% REDUCTION VS Q1 2020

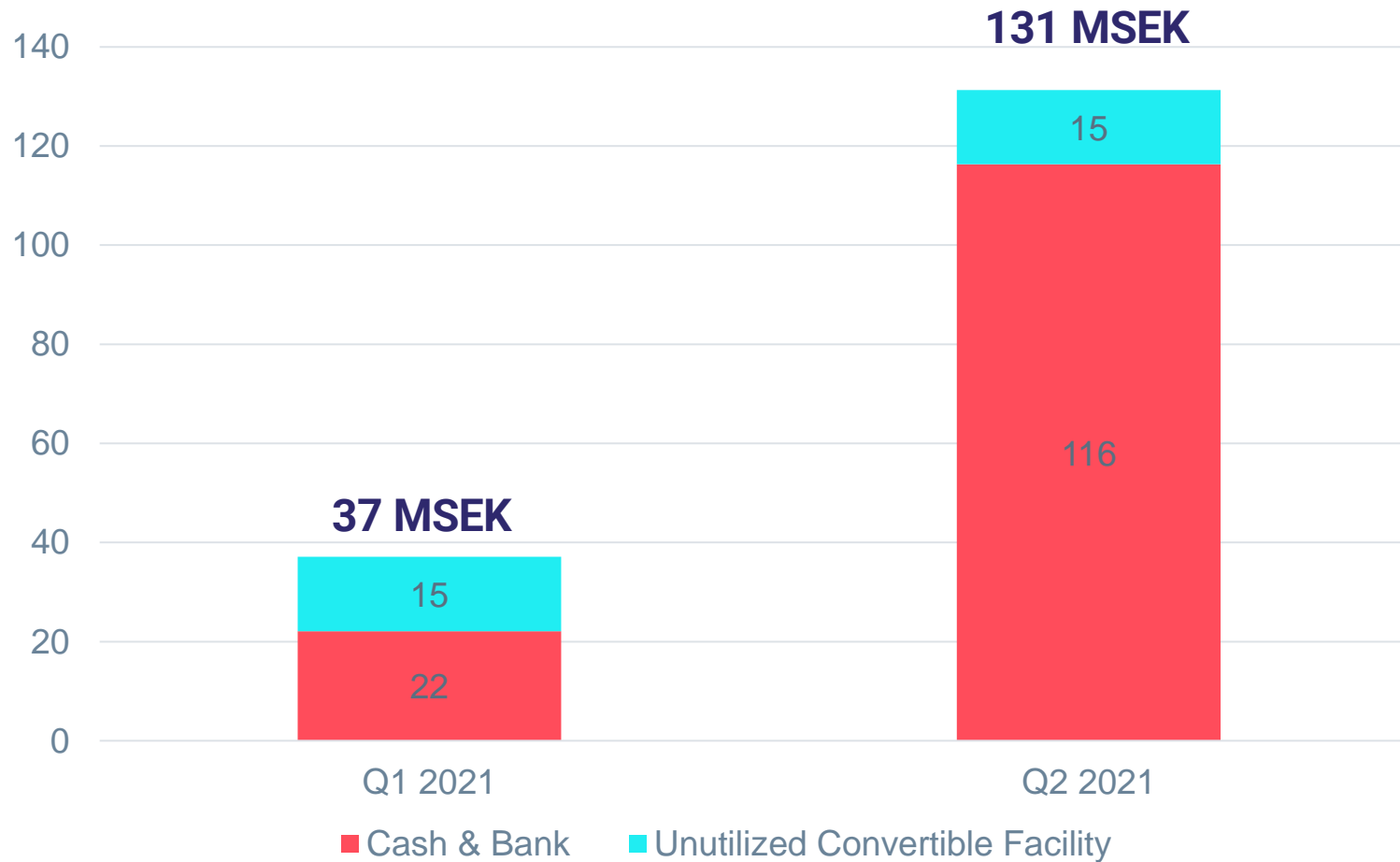
OPEX Runrate MSEK – Q1 2020 vs. Q1-Q2 2021 – Reduction of 67 MSEK



- Headcount reduced from 111 in Q2 2020 to 62 in Q2 2021
- OPEX runrate of 111 MSEK for the first six months 2021
- Monthly OPEX in Q2 2021 below 10 MSEK
- Adding key commercial positions to execute our new strategy will increase our OPEX run rate

STRENGTHENED BALANCE WITH DIRECTED ISSUE

| SUCCESSFULLY RAISED 120 MSEK EXCL. TRANSACTION COSTS



- **Successful and oversubscribed directed in Q2 2021**
 - Improved cash position
 - Strengthened our shareholder base
- **Monthly OPEX in Q2 2021 below 10 MSEK**

ONGOING TRANSITION TO A SAAS MODEL

Some existing customers stay on old model 2021 and some have decided to move to the new model; new clients in new model.

- FEB 2021
- Re-Engineer of Teneo
 - Launch of Product/Price Feb 2021

- MAR 2021
- Microsoft Co-sell Partnership
 - First LUIS^Teneo Customer Deployed
 - ISG and Gartner recognition for strategy

- APR 2021
- Strategic SaaS deal with large multinational US Tech company
 - 3-year Conversational AI deal with Telefónica Deutschland/O2

- MAY 2021
- 120 MSEK directed issue to execute on new strategy
 - Boost Teneo supports to 86 languages

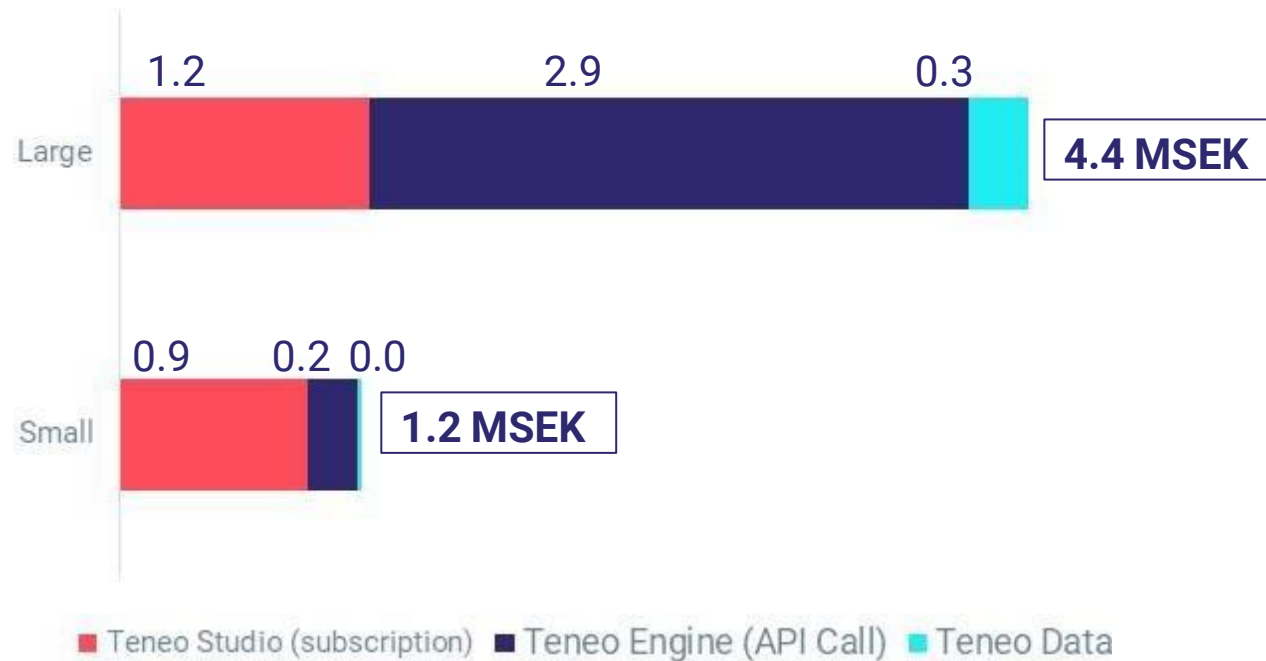
- JUL 2021
- Won Deal with A1 Bulgaria
 - Renewal deal with Circle K

HIGHLY SCALABLE SAAS MODEL

| SMALL & LARGE CUSTOMER CASES

Subscription revenues from accessing Teneo Development Suite provides basis in the new model coupled with 100% volume linked user revenues (#API calls)

Annual Recurring Revenues (ARR) – Small & Large Customer Modelling MSEK



Small customers	Large customers
7,500 EUR p/m for TDS	10,000 EUR p/m for TDS
2,000 EURO for API calls p/m	24,000 EURO for API calls p/m
Data is 10% of API calls revenue	Data is 10% of API calls revenue
2 days training and no expert services	5 days training and 15 expert service days

SWEDISH HORIZONTAL AI | B2B SAAS | AZURE



100 MUSD

Horizontal Technology



3X

Customer Growth



37%

Cost Reduction



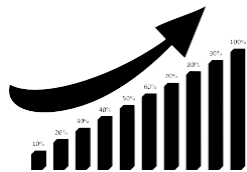
1,700+

LUIS Customers



13 bn SaaS

Proven Team



22,5%

CAGR



\$100 Billion

IDC: Global spending on artificial intelligence (AI) is forecast to double over the next four years, growing from \$50.1 billion in 2020 to more than \$110 billion in 2024



84%

Carbon Reduction

Q&A