

Artificial Solutions® (SSME:ASAI)

Q2 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*

BRIEF INTRODUCTION TO ARTIFICIAL SOLUTIONS

Company overview

- Founded in 2001, Artificial Solutions is a cloud-based software leader in AI
 - Our platform, Teneo®, is used by millions of people across hundreds of private and public sector SaaS deployments worldwide
 - Our solution OpenQuestion® optimizes routing for Contact Centers to better serve customers and reduce costs
 - Teneo runs 86 languages and dialects and can be fully integrated with call center and contact center systems
- Teneo® allows humans to communicate with applications through voice, speech and text
 - +70 live projects, handling close to 500 million interactions annually, with the largest references in the 48% CAGR market

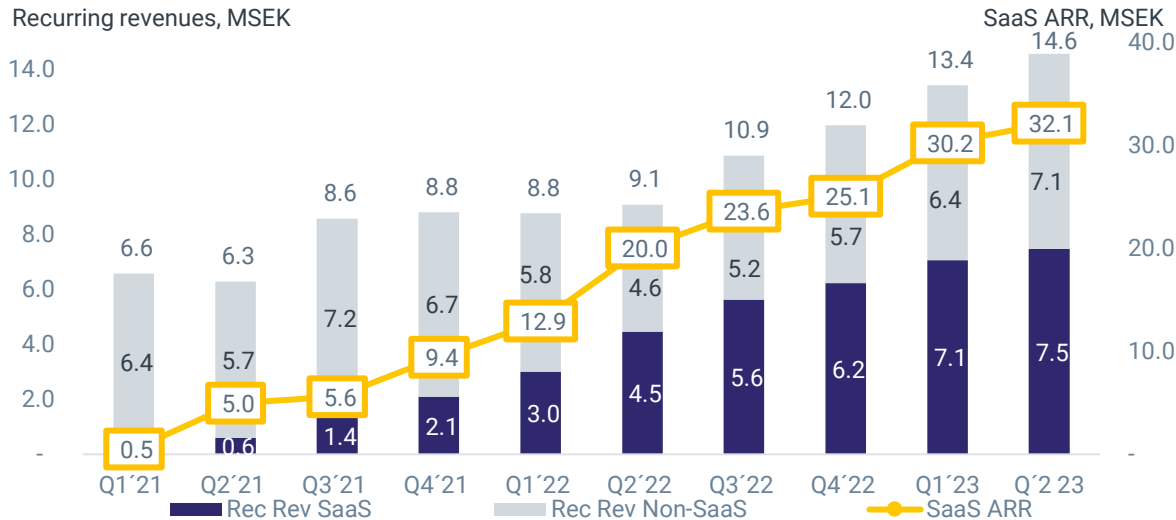
Select blue chip customers



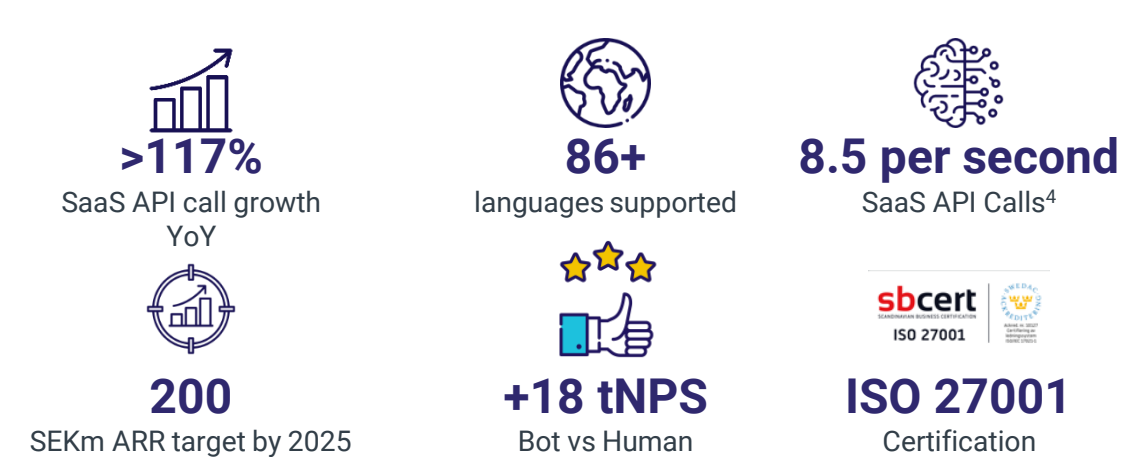
Select partners



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



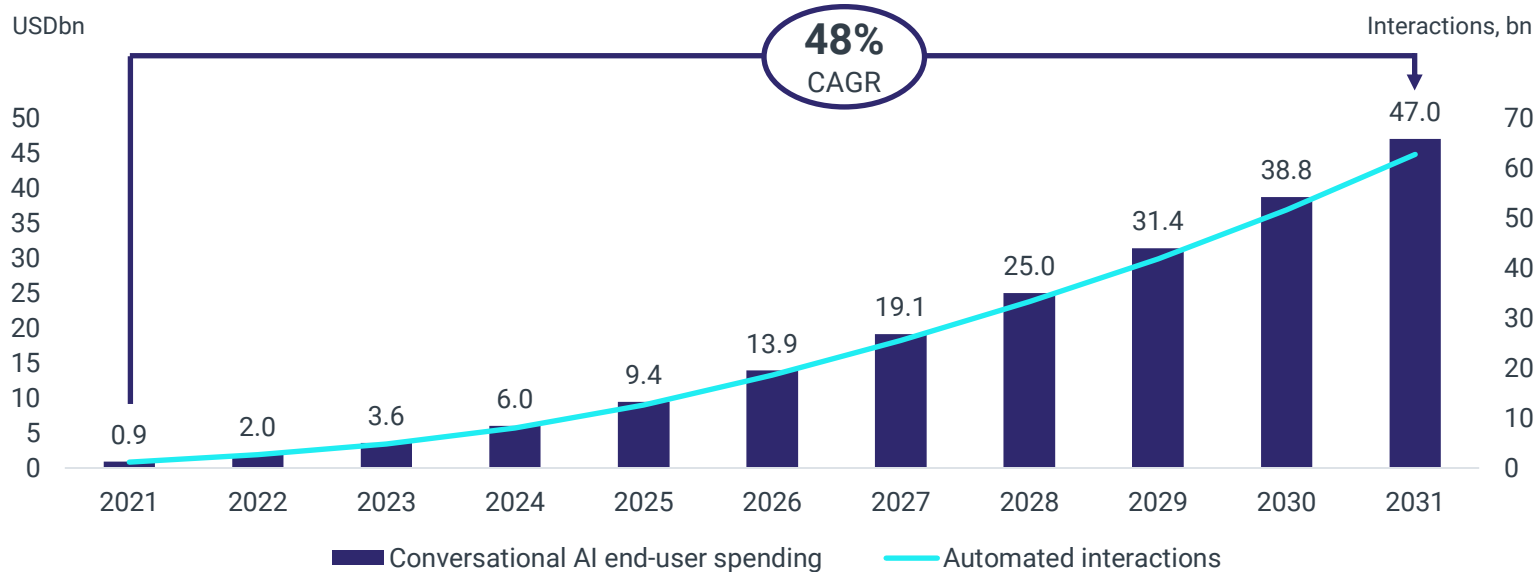
Artificial solutions in numbers



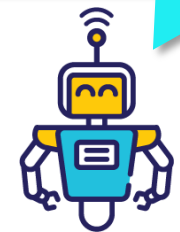
ARTIFICIAL SOLUTIONS' CORE MARKET AT A GLANCE



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 **finances 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

Welcome to Customer Care

Customers are tired of being forced to listen to what key to press or word to say to get through your internal organization.



The Problem



15-20% of calls are misrouted

- Customer don't understand how to maneuver the choices
- Customer smash the keys to be transferred to human operator
- IVR trees grow big



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

This results in higher labor cost and digital TCO



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% REDUCTION OF MISROUTED CALLS IN 90 DAYS



at&t



swisscom



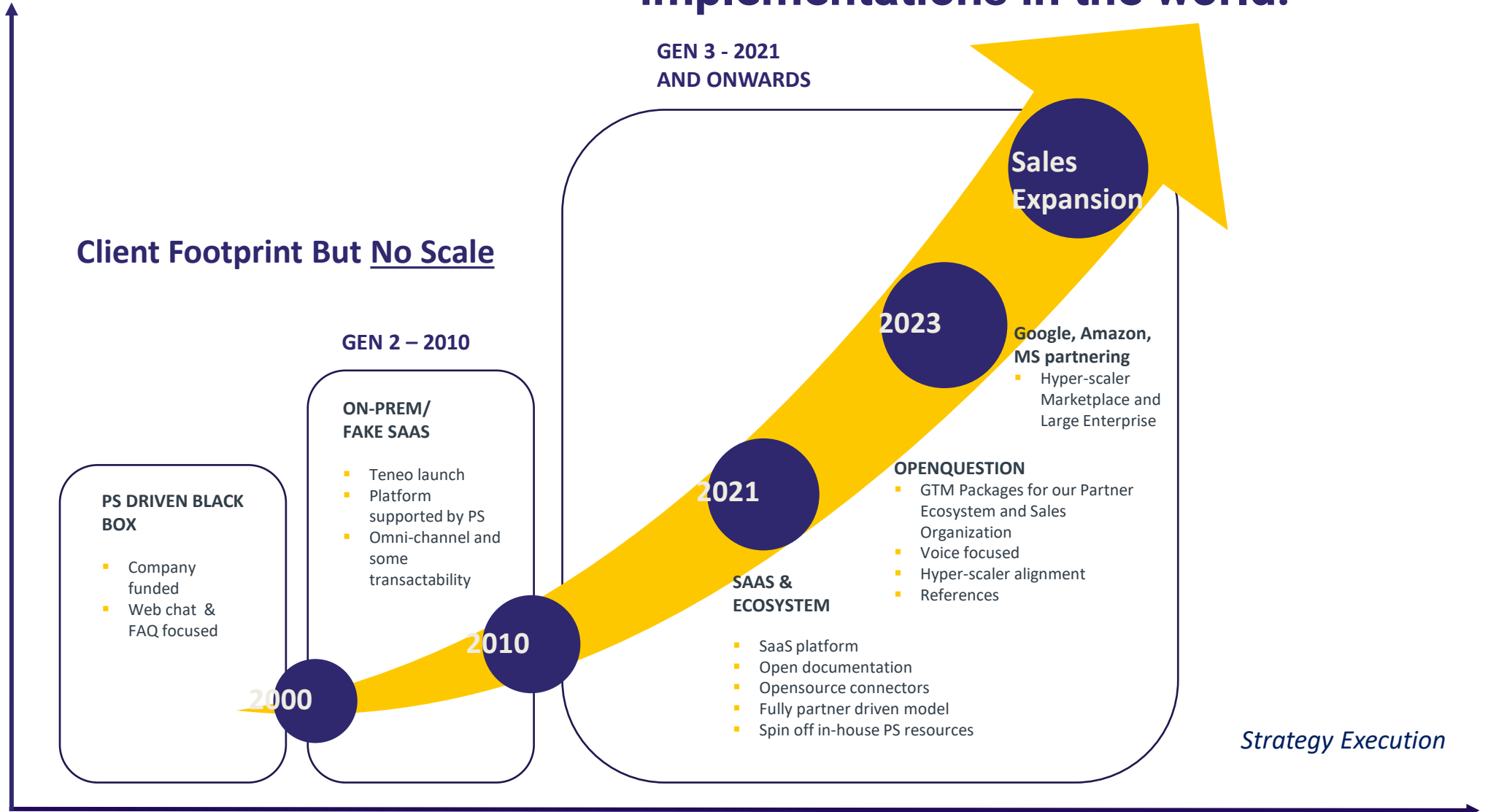
A project like this doesn't just come to life from nothing. There needs to be a vision from product marketing and to senior management because you need to get buy in from multiple stakeholders. Innovation is not free, so you need to invest in technology and in your team in order to execute on your vision and plan for the future.

Sarah Rojewski, Manager of AI & Automation



The company behind teneo.ai - ASAI has worked for 20 years to now have the biggest and best implementations in the world.

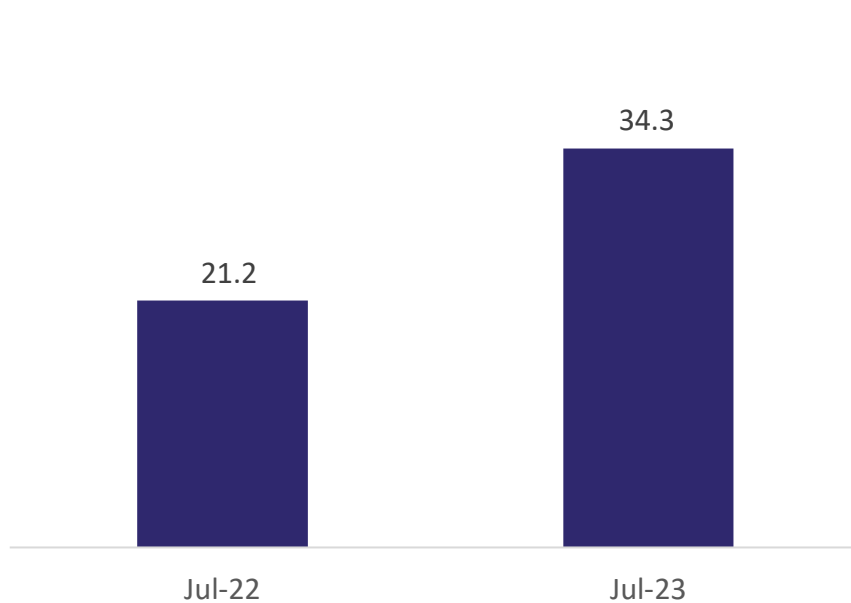
Usage



KEEP STELLAR GROWTH IN JULY

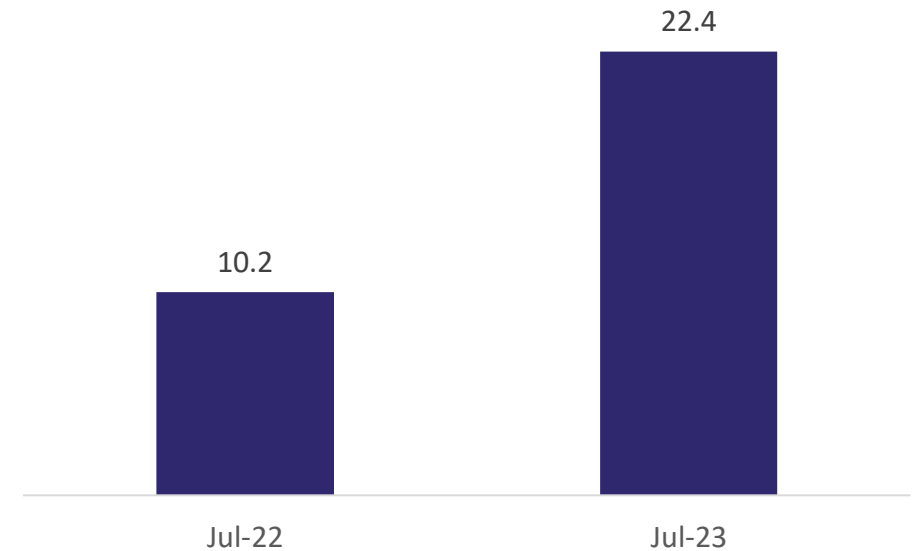
| MOMENTUM IN MARKET TAKING OFF

SaaS ARR (MSEK) + 61% YoY



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

SaaS API Calls (million/month) +119% YoY



Q2 2023 Operations and Numbers



Q2 2023 OPERATIONAL HIGHLIGHTS

- Teneo.ai joins Google Cloud Partner Advantage Program and launches new Conversational IVR plugin for Google Cloud
- Teneo.ai and OpenQuestion available on Genesys AppFoundry
- Two new board members and new warrant program approved at the AGM
- Multiple renewal agreements signed
- New Partnership agreement with CDI Services
- SaaS ARR experiencing high growth
 - +60% June 2023 vs. June 2022
- Growth in SaaS API Call volumes
 - +117% June 2023 vs. June 2022
- Improved EBITDA adjusted -13.9 MSEK (-20.6)

KEY FINANCIAL HIGHLIGHTS IN Q2 2023

| STRONG GROWTH IN ALL SALES METRICS

- SaaS ARR amounted to 32.1 (20.0) MSEK, + 60%
- Total ARR amounted to 61.1 MSEK (38.9), +57%
- Recurring revenues amounted to 14.6 MSEK (9.1), + 60%
- Net sales amounted to 14.8 MSEK (10.2), + 45%
- Growth in all relevant SaaS metrics Q1 '23 vs. Q2 '23
- Gross margin amounted to 72% (55)
- EBITDA adjusted amounted to -13.9 MSEK (-20.6)
- Monthly adj. OPEX -9.4 MSEK (-9.9 MSEK Q1 2023)
- Cash position : 56.1 MSEK (2023-06-30)

SaaS Recurring Revenues as % of Total Recurring Revenues Q2 2023

51%

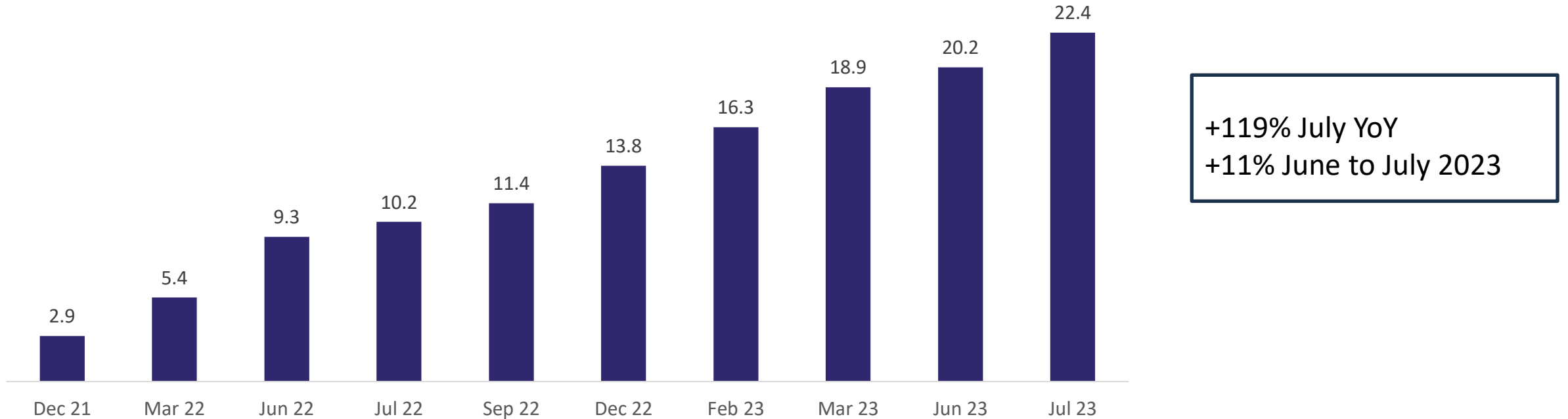
Recurring Revenues as % of Total Net Sales Q2 2023

99%

SAAS BUSINESS MODEL CONTINUES TO GROW

| SAAS API CALL VOLUMES UP YoY AND QoQ

SaaS API Calls June 2023* (million) + 117% YoY and +7% QoQ



*API Calls Active Customers

SAAS BUSINESS MODEL CONTINUES TO GROW

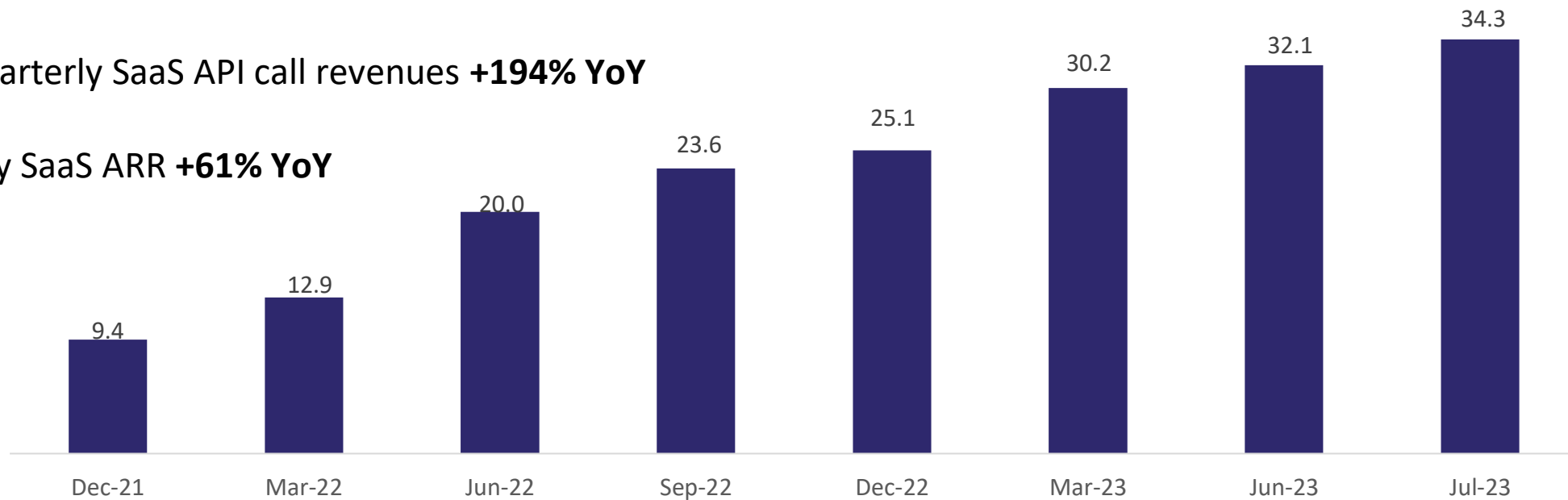
| SAAS ARR UP YoY AND QoQ

June 2023 SaaS ARR (MSEK) + 60% YoY

Total Quarterly SaaS recurring revenues **+68% YoY**

Quarterly SaaS API call revenues **+194% YoY**

July SaaS ARR **+61% YoY**

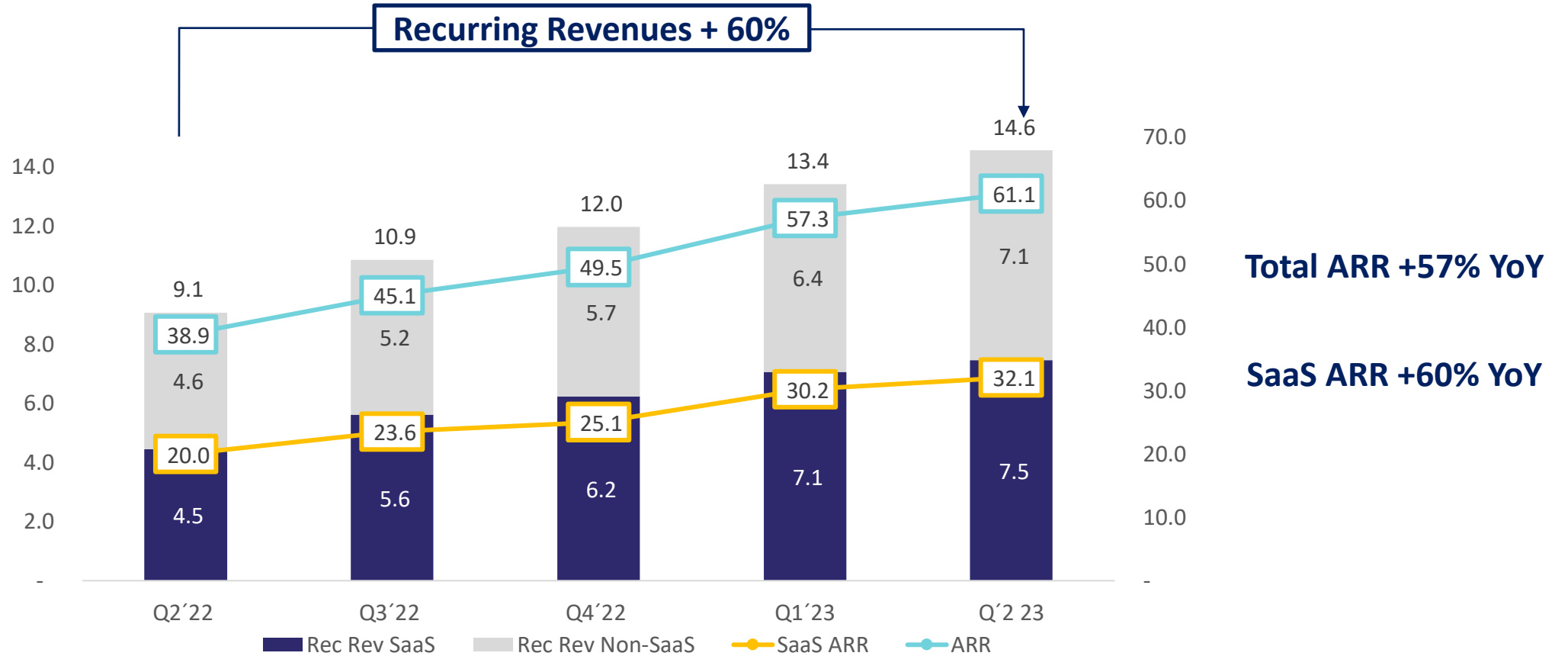


* ARR measured as SaaS recurring revenues generated from the SaaS revenue model last month in quarter multiplied by 12.

GROWTH IN RECURRING REVENUES & ARR

| RAPID GROWTH YoY AND QoQ

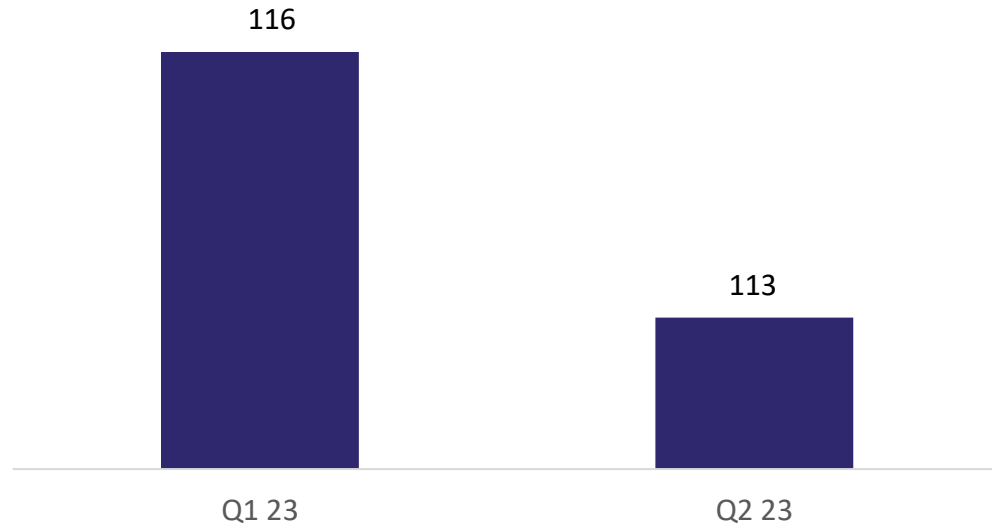
Quarterly Recurring Revenues, SaaS and Total ARR (MSEK)



OPEX RUNRATE Q2 2023

| SIMPLIFICATION ACTIVITIES LOWERING COSTS IN Q2 2023

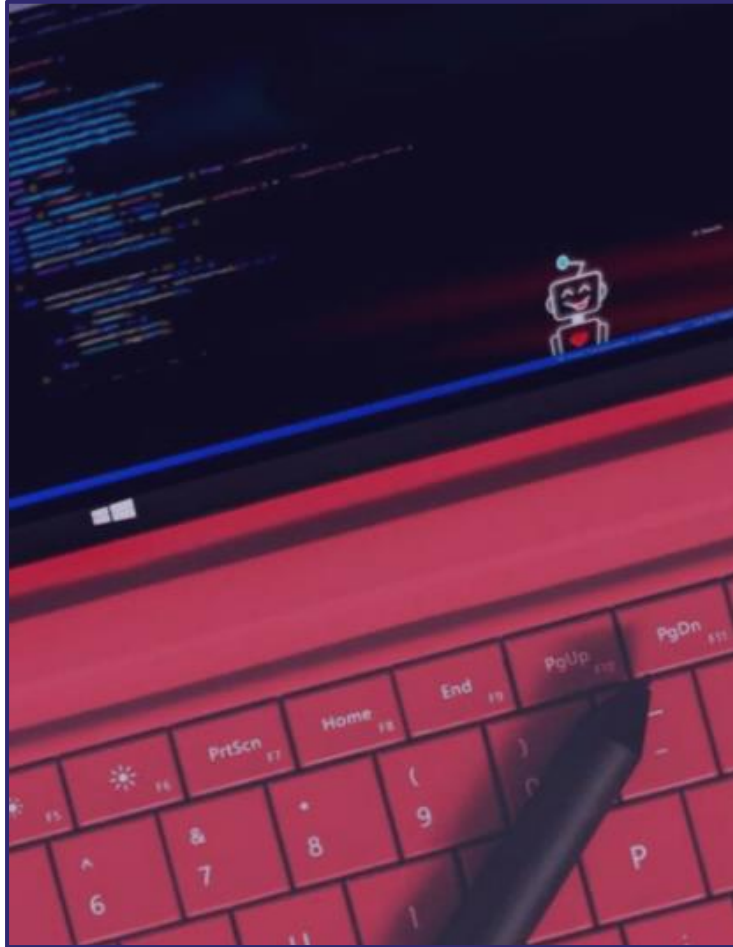
Annual OPEX Run Rate* MSEK



- OPEX(*) run rate of 113 MSEK in Q2 2023 vs. 116 MSEK Q1 23
- Monthly OPEX(*) in Q2 2023 of 9.4 MSEK (9.9 MSEK Q1 23)
- Reported OPEX decrease visible in Q2 2023 after simplification actions taken in Q1 2023

* OPEX adjusted for non-recurring items and cost of sales

KEY INVESTMENT HIGHLIGHTS



A prominent player in a market growing at 48% CAGR with SaaS ARR growing +60% 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



References and all three Hyperscaler Partnerships base for sales expansion

Q&A