

**ARTIFICIAL  
SOLUTIONS**

Artificial Solutions® (SSME:ASAI)

Q3 2021 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**

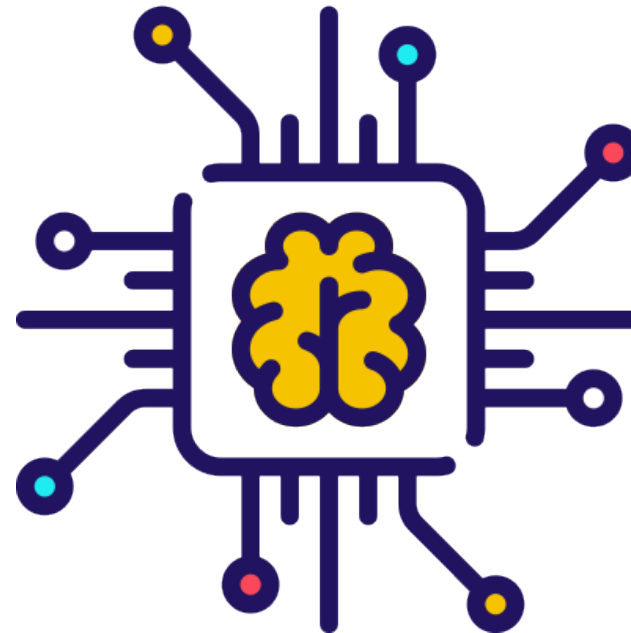
**| CFO**

*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*

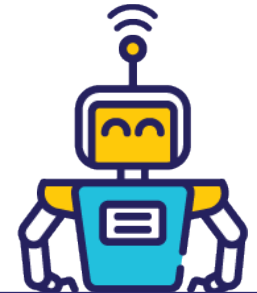
# ARTIFICIAL SOLUTIONS MARKET



- 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?

**14 BUSD Market**  
**CAGR 22%**

# ARTIFICIAL SOLUTIONS AT A GLANCE

## LEADING SOFTWARE COMPANY ENGAGED IN CONVERSATIONAL AI

### Artificial Solutions in brief

- Founded in 2001, the company became a multi-award-winning enterprise within conversational AI
- Publicly listed on First North Stockholm in 2019
- The company offers a unique conversational AI platform named Teneo, allowing businesses to create highly sophisticated and intelligent communication applications
  - Allows humans to communicate with applications verbally, by texting and/or speaking
  - Teneo supports 86 languages and is easy to implement in various applications such as virtual assistants, conversational bots and conversational IVR
- Company is currently shifting from a traditional PS, license and usage revenue model to a pure software-as-a-service (SaaS) model
  - In the LTM ending September 2021, recurring revenues accounted for **35.3 MSEK**
- Patent and IPR-portfolio, with a third party valuation of **150 MUSD**

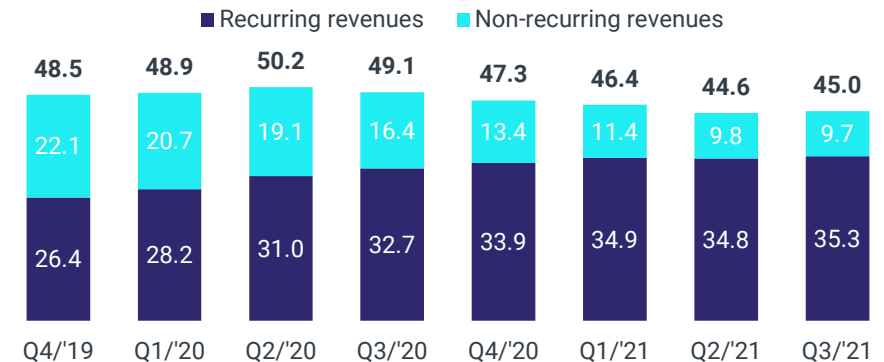
#### Blue chip customers



#### Strategic partners

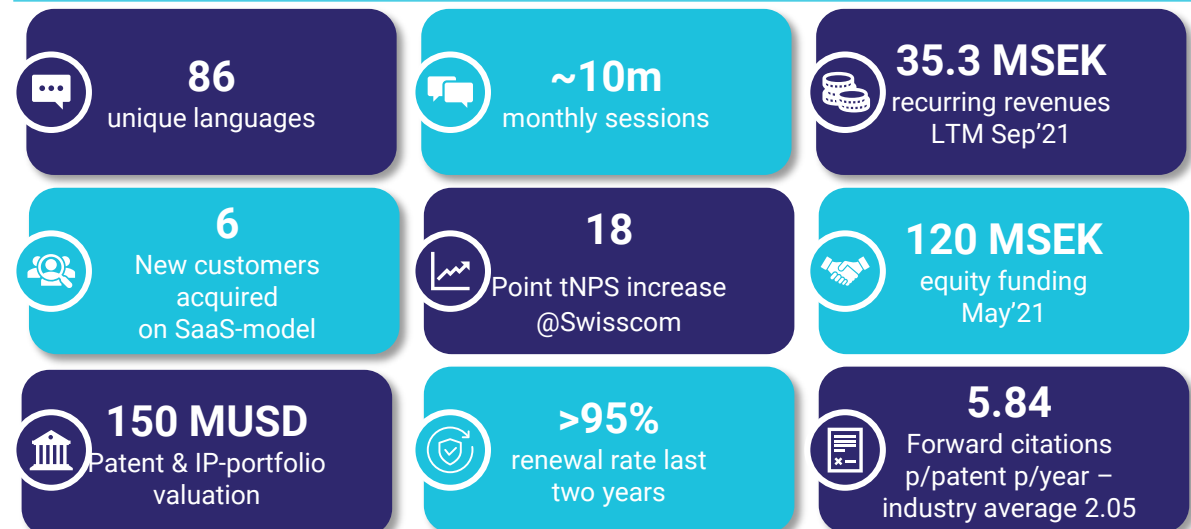


### Quarterly LTM adjusted<sup>1</sup> revenue development (SEKm)



18% CAGR  
Q4/19-Q3/21

#### Key facts



# EXECUTIVE MANAGEMENT



**Per Ottosson**  
| CEO

- Education: Master's in Finance at Stockholm School of Economics
- Experience: Board member of various Artificial Solution subsidiaries. 25 years as senior executive in various positions within the software/SaaS industry
- Share holdings: 118,519



**Fredrik Törgren**  
| CFO

- Education: Master of Science in Business and Administration at Stockholm School of Economics
- Experience: Board member of various Artificial Solution subsidiaries. 20 years experience from senior positions within the technology, M&A, VC and software industry
- Share holdings: 130,000



**Andreas Wieweg**  
| CTO

- Education: University studies in Computer Science and Mathematics at Stockholm University
- Experience: At Artificial Solutions for more than 18 years. Stepped into the role as CTO in 2007
- Share holdings: 49,440



**Daniel Eriksson**  
| Chief Innovation  
/ CSO

- Education: Master of Science in Engineering Physics, Royal Institute of Technology. Masters in Business and Economics, Stockholm School of Economics
- Experience: 15 years in Business Development and Technology Leadership experience
- Share holdings: 53,201



**Marie Angselius**  
| Chief of Impact &  
CCO

- Education: Bachelor's degree in Communications, Lund University
- Experience: More than 20 years experience from leading communication positions. Most recently as Global Head of Corporate Communication at Amelia an IPSoft company
- Share holdings: 37,090



**Fredrik Blomberg**  
| Sales Operations

- Education: Master of Science in Business & Economics, Stockholm University. Studies in Leadership & Strategy, Swedish Defence University
- Experience: Sales Operations Executive at IPSoft
- Shares holdings: -



**Paloma Ramirez**  
| CPO

- Education: Bachelor's degree in Psychology, Universidad Javeriana, Colombia and Master's in Human Resources Management, Universidad de Barcelona, Spain
- Experience: More than 15 years of experience within HR, with the last 12 years in the tech industry
- Share holdings: -

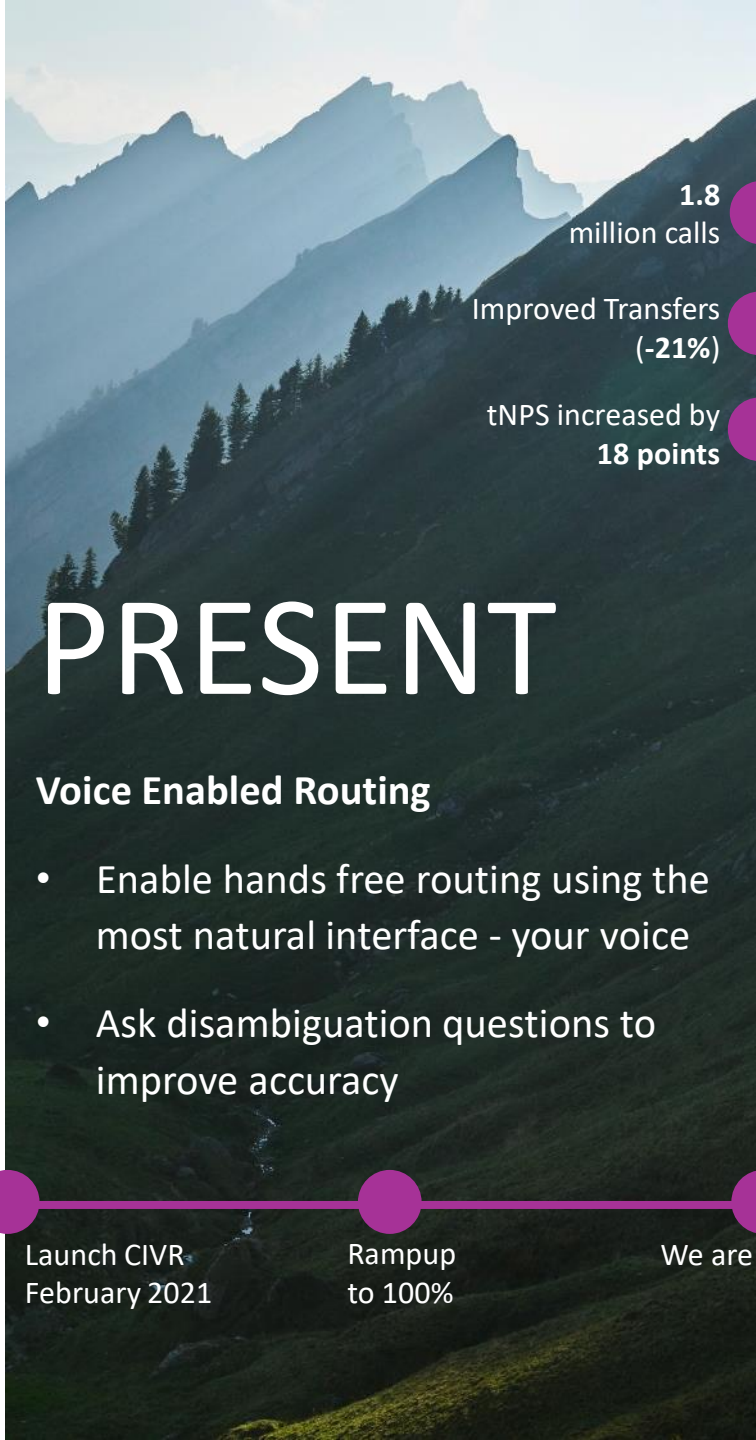


**Nicolas Köllerstedt**  
| CRO

- Education: Södra Latin, Stockholm
- Experience: +20 years within international sales in the software industry. Latest in the SaaS company Snowflake
- Share holdings: -



# Conversational IVR our journey



1.8 million calls

Improved Transfers (-21%)

tNPS increased by 18 points

## PAST

### Replacing DTMF

Keypad selection (DTMF) based routing was cumbersome and error prone

## PRESENT

### Voice Enabled Routing

- Enable hands free routing using the most natural interface - your voice
- Ask disambiguation questions to improve accuracy

## FUTURE

### Full Automation

We aim for fully automated customer care on the voice channel:

- Answer simple questions
- Solve simple problems (change orders etc.)



Launch CIVR  
February 2021

Rampup  
to 100%

We are here

# Q3 OPERATIONAL HIGHLIGHTS

---

- Joined the Azure IP Co-Sell, incentivized partnership with Microsoft
- Signed a LUIS^Teneo SaaS deal together with our partner Microsoft with telecom operator A1 Bulgaria
- A large system integrator and partner signed up for and deploys LUIS^Teneo for its business
- Large Multinational US Tech company ordered continued expansion in US and Japan from our partner
- Signed renewal agreement with a US Government agency, Circle K and Scania
- Appointment of Nicolas Köllerstedt as Chief Revenue Officer
- Gavriella Schuster, former Corporate Vice President, Microsoft, One Commercial Partner, appointed as Chair of Advisory Board

# KEY FINANCIAL HIGHLIGHTS IN Q3 2021

| BACK TO GROWTH – Q-O-Q GROWTH ON ALL SALES METRICS

- Positive q-o-q sales trajectory – growth on all sales metrics Q3 2021 vs. Q2 2021
- Net sales\* amounted to 11.9 MSEK (11.5), up 4%
- Recurring revenues \* amounted to 9.5 MSEK (9.0), up 5%
- Rolling 12 months recurring revenues\* amounted to 35.3 MSEK (32.7), up 8%
- Reported net sales amounted to 11.0 MSEK (13.3), down 17%
- Annual OPEX run-rate of 106 MSEK
- EBITDA adjusted amounted to -13.9 MSEK (-17.9)
- Cash position incl. unutilized credit facilities: 111.3 MSEK (96.3+15) in Q3

**SaaS sales in Q3 as  
% of Recurring  
Revenues\* 14%**

Note: \* As of 1.1.2021 the Group reports adjusted revenues to more accurately portray actual income over long-term contracts and to have figures that better can be compared with new contracts under the new SaaS-model.

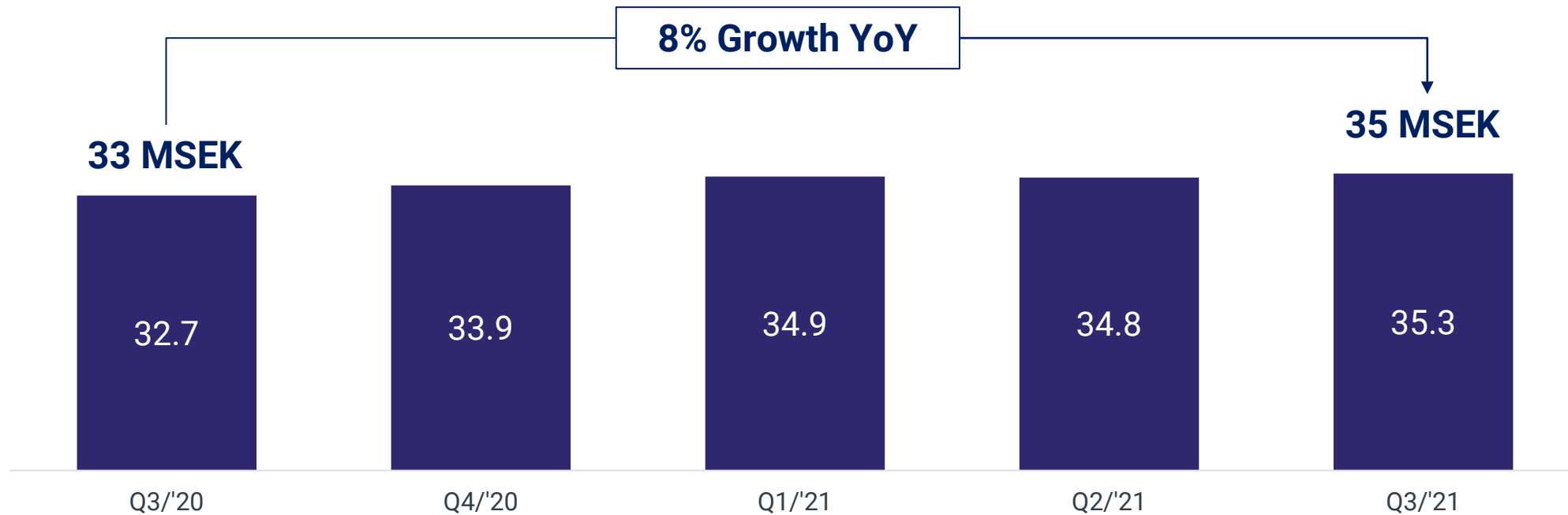


# GROWTH IN RECURRING REVENUES

| KEY IN TRANSITIONING TO SAAS MODEL

R12 recurring revenues growing from 32 MSEK to 35 MSEK (8% CAGR) \*

Recurring Revenues MSEK R12 Q3 2020 – Q3 2021\*

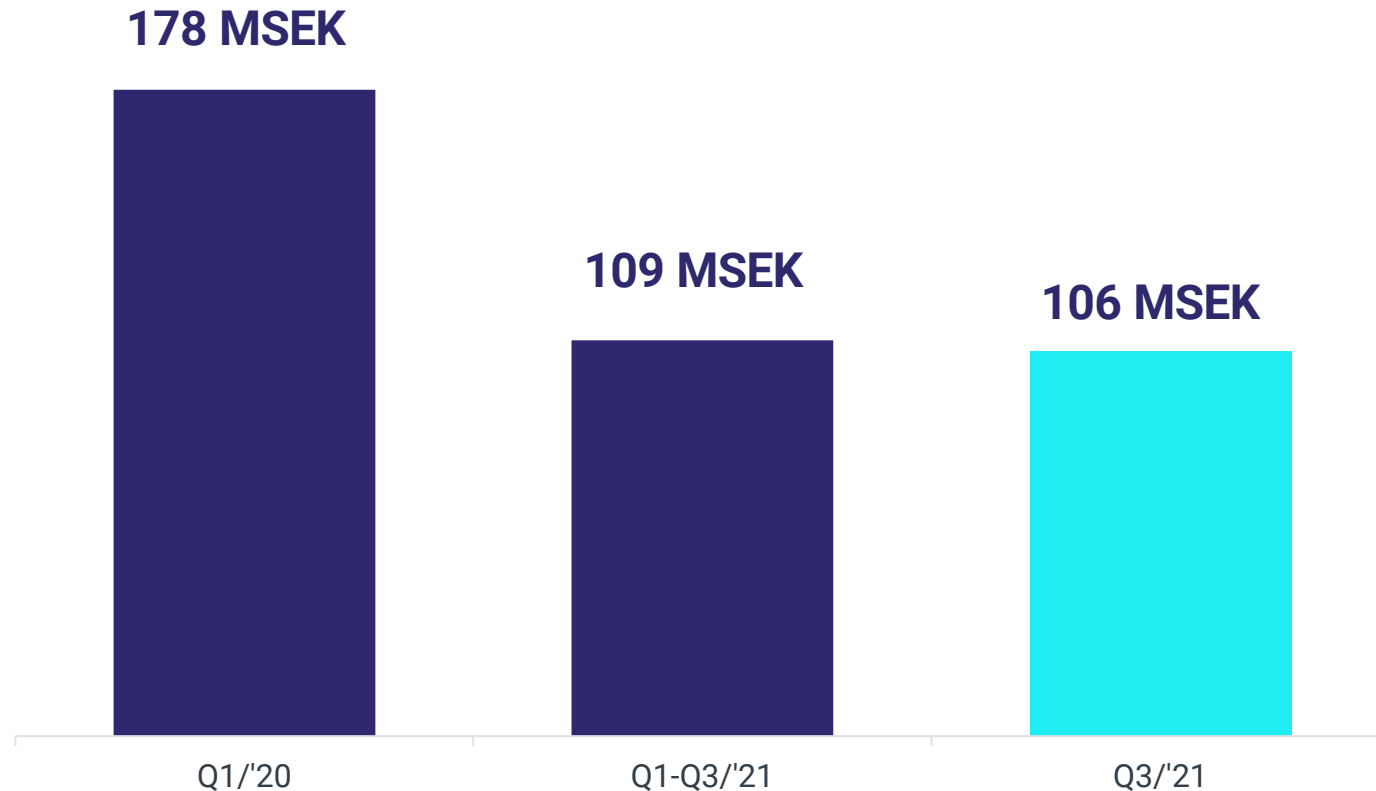


Note: \* As of 1.1.2021 the Group reports adjusted revenues to more accurately portray actual income over long-term contracts and to have figures that better can be compared with new contracts under the new SaaS-model.

# CONTINUED COST CONTROL

| 40% REDUCTION VS Q1 2020

OPEX Runrate MSEK – Q1 2020 vs. Q3 2021 – Reduction of 72 MSEK

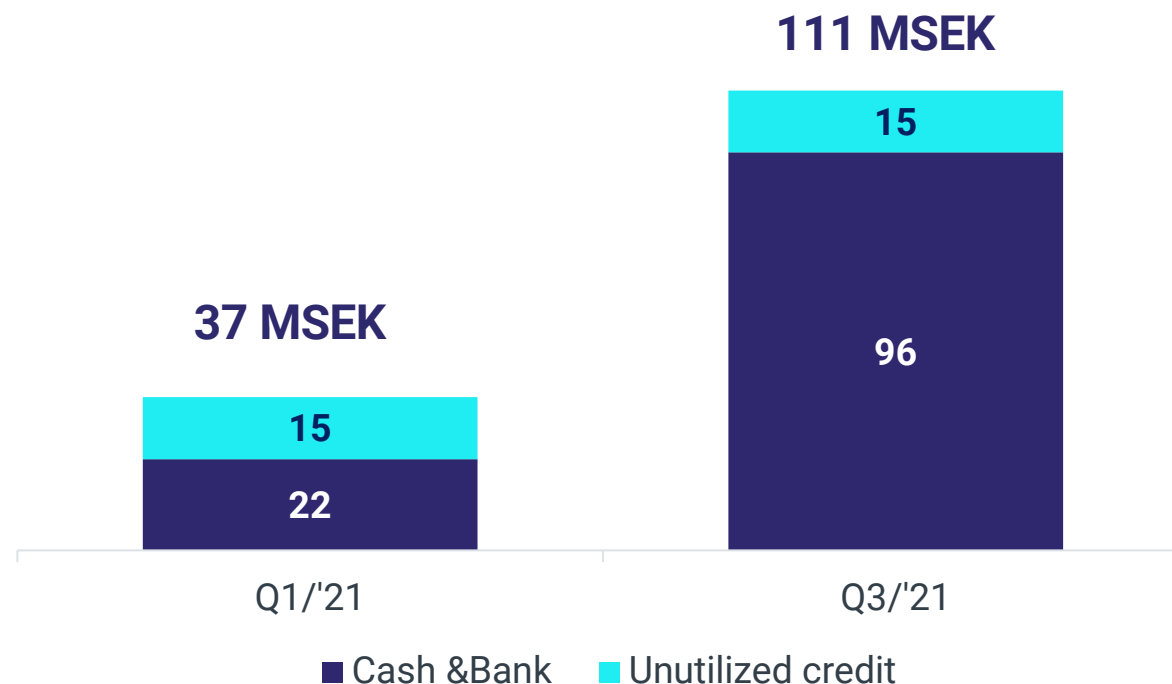


- OPEX runrate of 106 MSEK in Q3 2021
- Monthly OPEX in Q3 2021 below 10 MSEK
- Adding key commercial positions to execute our new strategy will increase our OPEX run rate somewhat from Q3 level

# STRONG CASH POSITION IN Q3 2021

| SUCCESSFULLY RAISED 120 MSEK IN DIRECTED ISSUE IN Q2

## Available Liquidity Q1 2021 vs. Q3 2021



- **Successful and oversubscribed directed in Q2 2021**
  - Improved cash position
  - Strengthened our shareholder base
- **A strong liquidity position that enables us to drive and execute on our strategy**

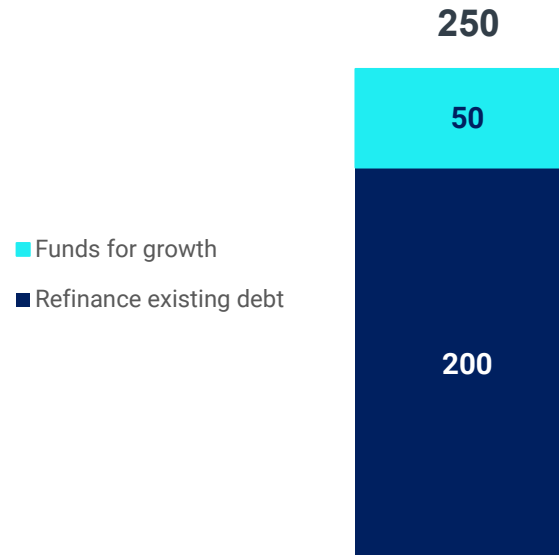
# 5-YEAR PIK LOAN OF 250 MSEK SECURED IN Q4

REFINANCING OF ALL EXISTING DEBT + ADD FUNDS FOR GROWTH TO OUR CASH POSITION

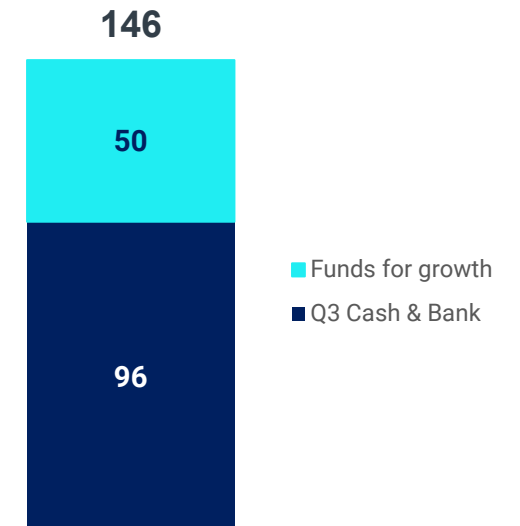
## Key Terms

- Private debt facility provided by Capital Four – a reputable credit investor with 15 EUR bn in AUM
- **5-year PIK funding** – i.e. no cash interest during tenure
- **@ 9.5% interest margin**
- All existing debt incl. convertible bond of approx. 200 MSEK will be repaid
- The interest cost is reduced with more than 7% vs. the previous debt financing

## Uses of Funds – New PIK Loan (MSEK)



## Q3 Cash & Bank Adjusted (MSEK)

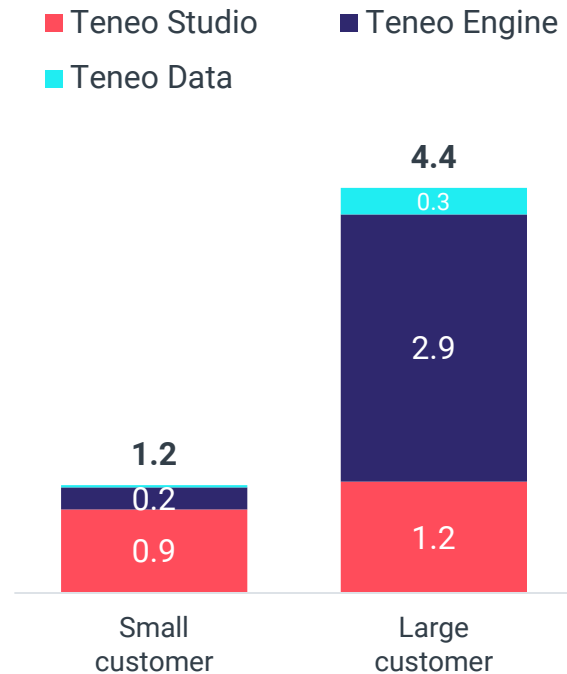


# HIGHLY SCALABLE SAAS MODEL




## | 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)

### ARR – Small & Large Customer MSEK



### Revenue Model – Primarily Recurring Revenues

Revenue	Source	Small customers	Large customers	Type
Sub- Scripton (Studio)		EUR 7,500 per month	EUR 10,000 per month	Recurring
API calls (Engine)		EUR 2,000 per month	EUR 24,000 per month	Recurring
Data		10% of API calls	10% of API calls	Recurring
Training & expert services		2 + 0 days	5 + 15 days	Non-recurring

# TRANSITION TO A SAAS MODEL – done now

## Sales and Marketing focus

- 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
  - Teneo support added to 86 languages

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

- OCT 2021**
- Financing of 250 MSEK secured
  - Renewal deal with Scania

# SWEDISH HORIZONTAL AI | B2B SAAS | AZURE



**150 MUSD**

*Horizontal Technology*



**3X**

*Customer Growth*



**40%**

*Cost Reduction*



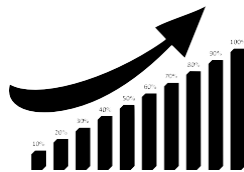
**1,700+**

*LUIS Customers*



**13 bn SaaS**

*Proven Team*



**22%**

*CAGR*



**\$14 Billion**

*Conversational AI Market*

Source: Markets and Markets (2020, Conversational AI Market).



**84%**

*Carbon Reduction*

Q&A