

Artificial Solutions® (SSME:ASAI)

Q3 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*

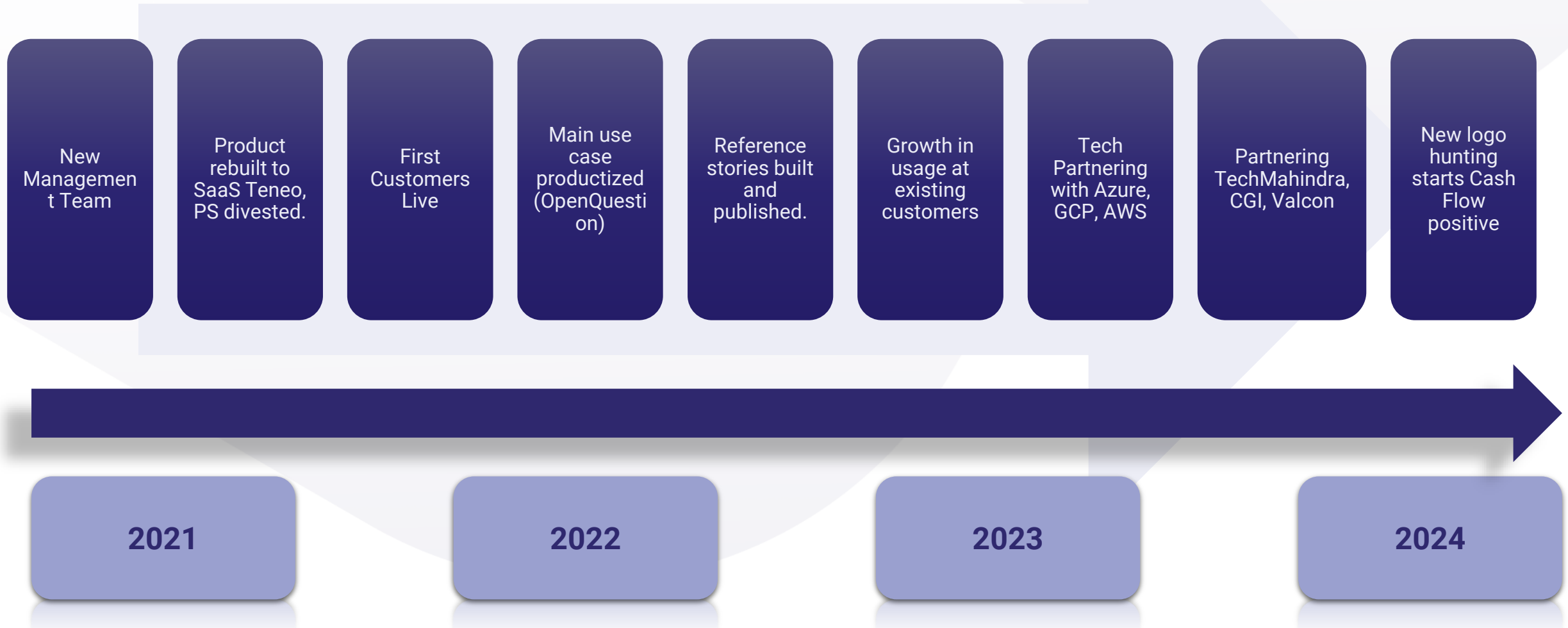


Fredrik Törgren

| 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*

THE SAAS JOURNEY



BRIEF INTRODUCTION TO ARTIFICIAL SOLUTIONS

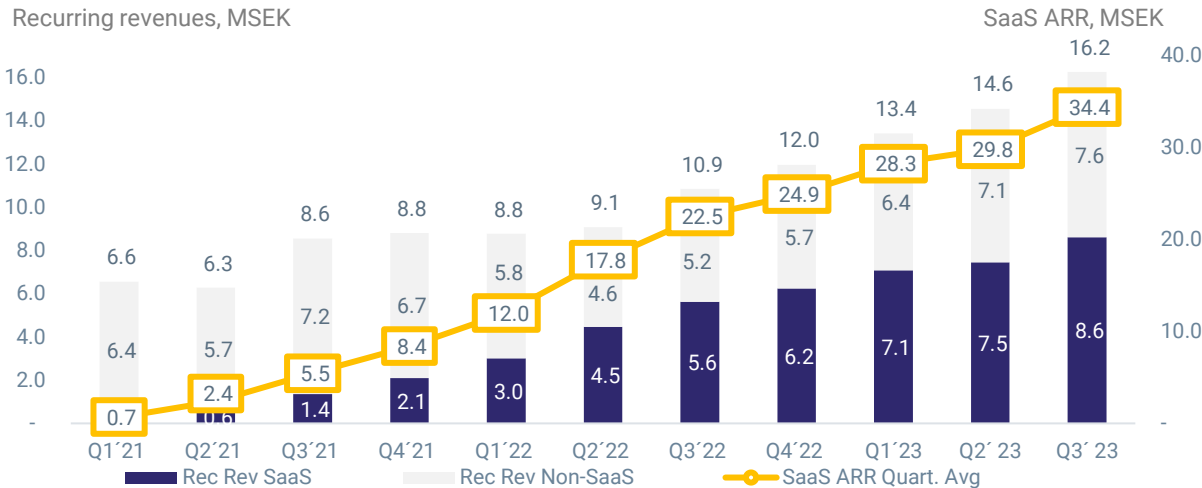
Company overview

- 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

Robust base of blue chip customers & partners



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



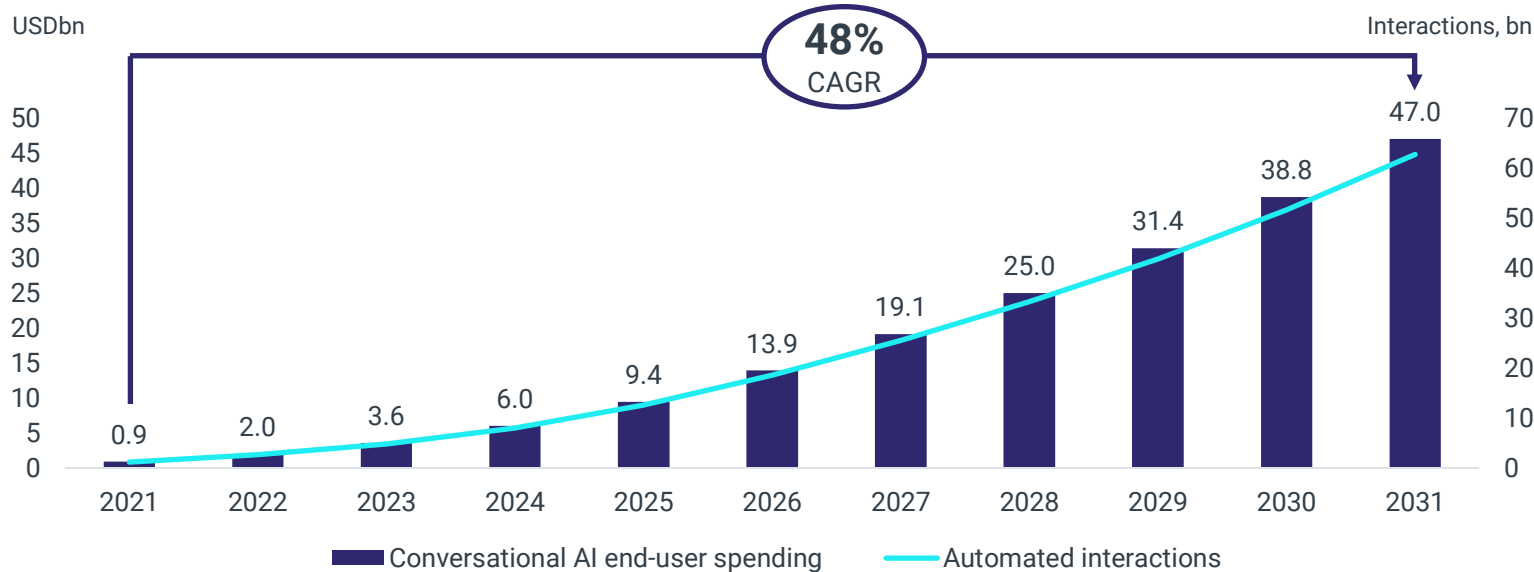
Artificial solutions in numbers

- >50%** Recurring Revenue growth YoY
- 200** SEKm ARR target by 2025
- 86+** languages supported
- +18 tNPS** Bot vs Human
- 10 per second** SaaS API Calls⁴
- ISO 27001** Certification

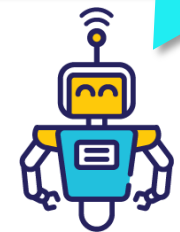
ARTIFICIAL SOLUTIONS' CORE MARKET AT A GLANCE



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



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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



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



EXISTING CUSTOMERS A GROWTH ENGINE

| COST EFFICIENT WAY TO GROW

SAAS NET RETENTION RATE (%) +156% IN Q3 2023 YoY

What is a good retention rate in 2023?

Retention benchmarks by ARR range	<\$300k	\$300k-1m	\$1-3m	\$3-8m	\$8-15m	\$15-30m
Net Retention (over a year)						
Best-in-class / Top decile	95%	102%	108%	109%	109%	110%
Good / Top quartile	78%	87%	94%	95%	100%	100%
Ok / Median	56%	70%	77%	81%	83%	87%
Can be better / Bottom quartile	35%	50%	57%	61%	67%	60%
Gross Retention (over a year)						
Best-in-class / Top decile	86%	85%	89%	85%	88%	87%
Good / Top quartile	70%	76%	80%	81%	81%	82%
Ok / Median	53%	62%	68%	68%	72%	69%
Can be better / Bottom quartile	33%	45%	51%	54%	57%	56%
Customer Retention (over a year)						
Best-in-class / Top decile	84%	85%	86%	86%	85%	86%
Good / Top quartile	71%	77%	79%	80%	82%	81%
Ok / Median	53%	65%	68%	67%	72%	66%
Can be better / Bottom quartile	33%	50%	54%	56%	62%	59%

ChartMogul

teneo.ai

156%



Q3'23

Q3 2023 Operations and Numbers



Q3 2023 OPERATIONAL HIGHLIGHTS

- Teneo.ai launched Conversational IVR Plugin for Amazon Connect
- Teneoi.ai launched Connector to GCP Google Dialog Flow
- Telefónica launched an integrated Teneo powered LLM pilot
- Confidential computing security in our SaaS offering
- OpenQuestion 1.1 released - IVR implementation time cut to 60 days
- Partnership agreement signed with iSolutions, the largest dedicated Microsoft one-stop shop in Switzerland
- Board of Directors initiates Strategic Review
- Recurring Revenues up 50% YoY
- Growth in SaaS ARR and API Call volumes +32% and 59% YoY
- Improved EBITDA adjusted -13.0 MSEK (-20.8)

KEY FINANCIAL HIGHLIGHTS IN Q3 2023

| GROWTH RECURRING REVENUES AND IMPROVED EBITDA

- Net Revenue Retention 156% in Q3 2023
- Recurring revenues amounted to 16.2 MSEK (10.9), + 50%
- SaaS ARR amounted to 31.0 (23.6) MSEK, + 32%
- Total ARR amounted to 62.7 MSEK (45.1), +39%
- Net sales amounted to 16.4 MSEK (12.4), + 32%
- Gross margin amounted to 63% (51) despite heavy commission
- EBITDA adjusted amounted to -13.0 MSEK (-20.8)
- Monthly adj. OPEX -9.1 MSEK (-10.0 MSEK)
- Cash position : 37.3 MSEK (2023-09-30)

SaaS Recurring Revenues as % of Total Recurring Revenues Q3 2023



53%

Recurring Revenues as % of Total Net Sales Q3 2023

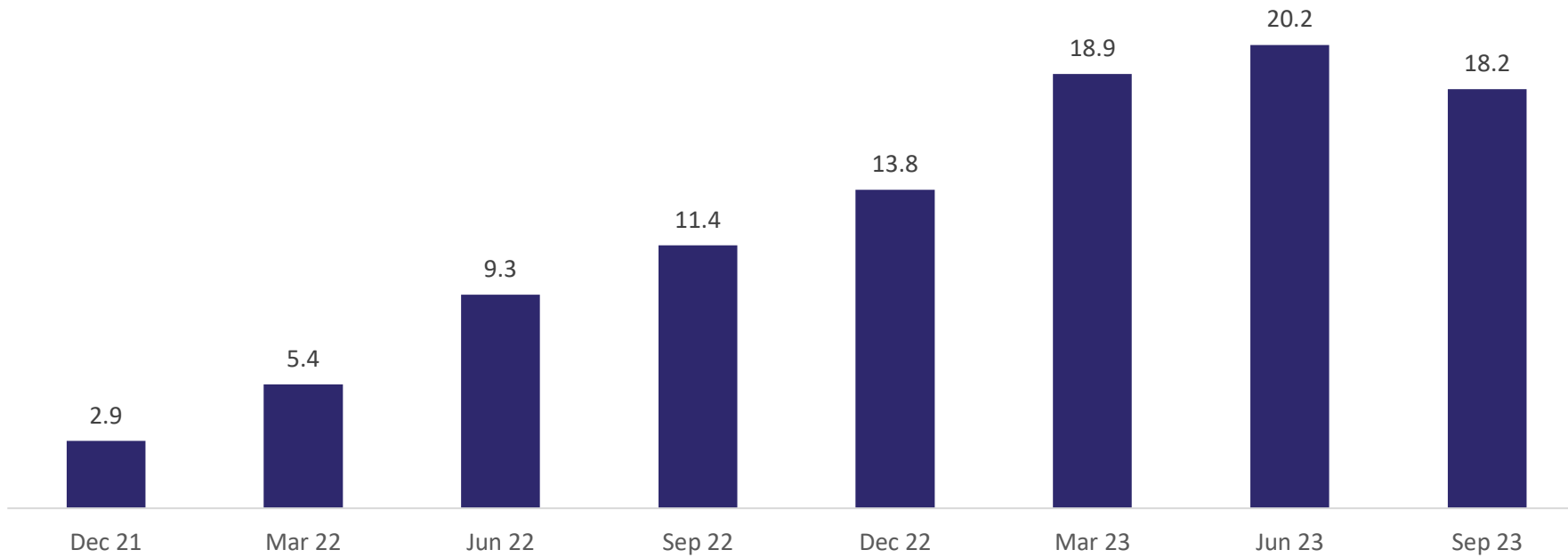


99%

SAAS BUSINESS MODEL GROWTH

| SAAS API CALL VOLUMES UP YoY

SaaS API Calls September 2023* (million) + 59% YoY

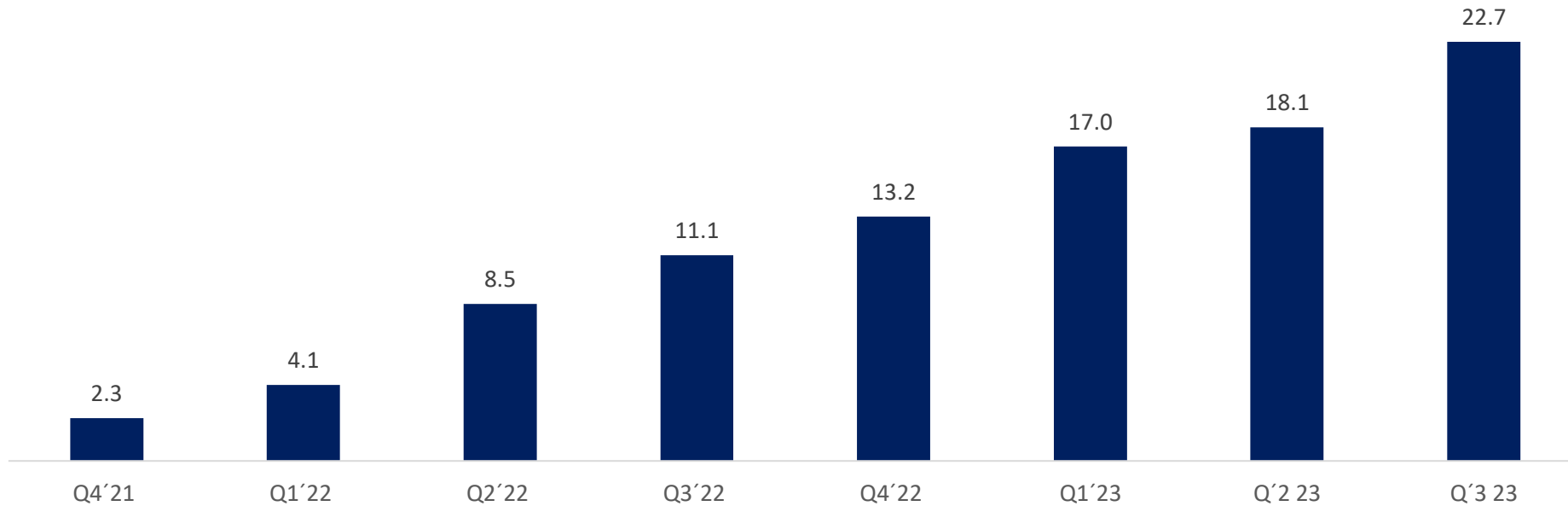


*API Calls Active Customers

SAAS BUSINESS MODEL GROWTH

| AVERAGE SAAS API CALL VOLUMES – A NEW WAY TO MEASURE – UP YoY and QoQ

SaaS API Calls Quarterly Average * (million) + 72% YoY

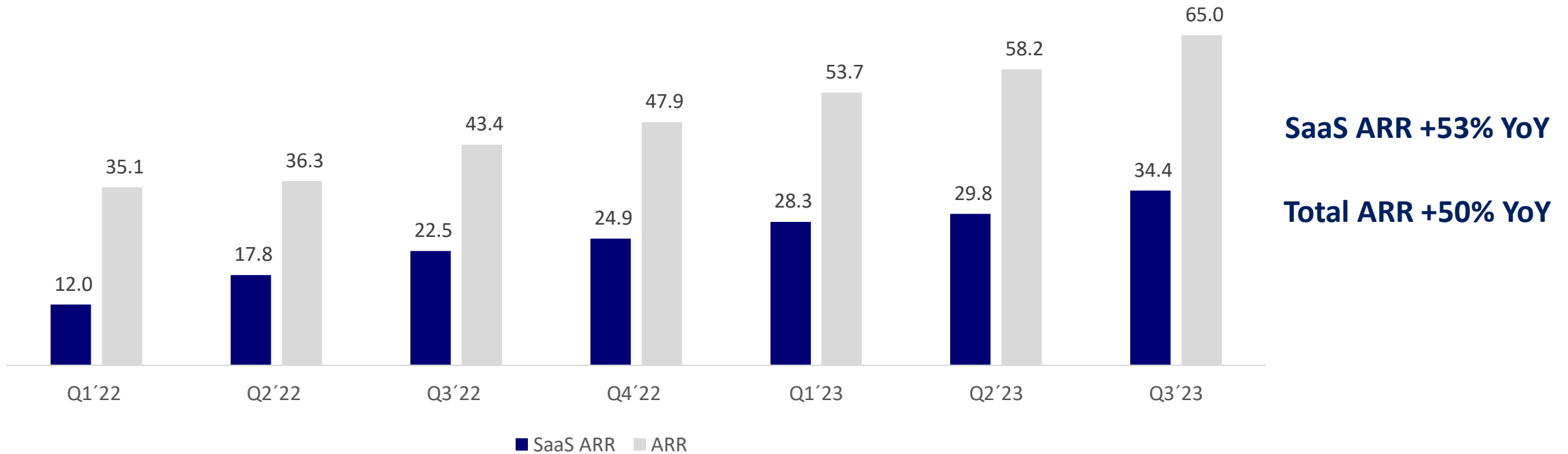


*API Calls Active Customers

ARR GROWTH

| AVERAGE ARR – A NEW WAY TO MEASURE - UP YoY AND QoQ

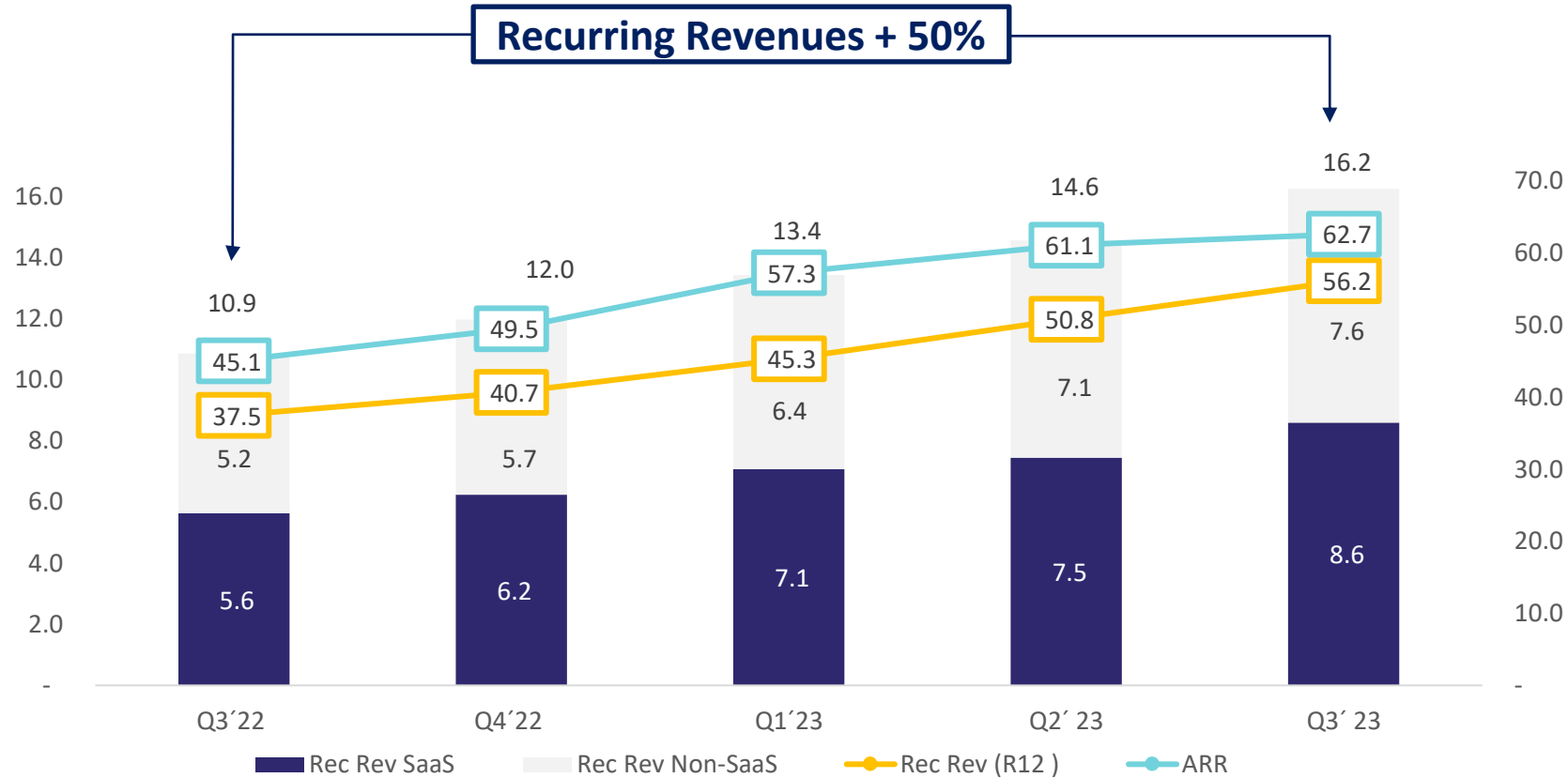
SaaS and Total ARR Quarterly Average (MSEK) + 53% YoY



GROWTH IN RECURRING REVENUES & ARR

| GROWTH YoY AND QoQ

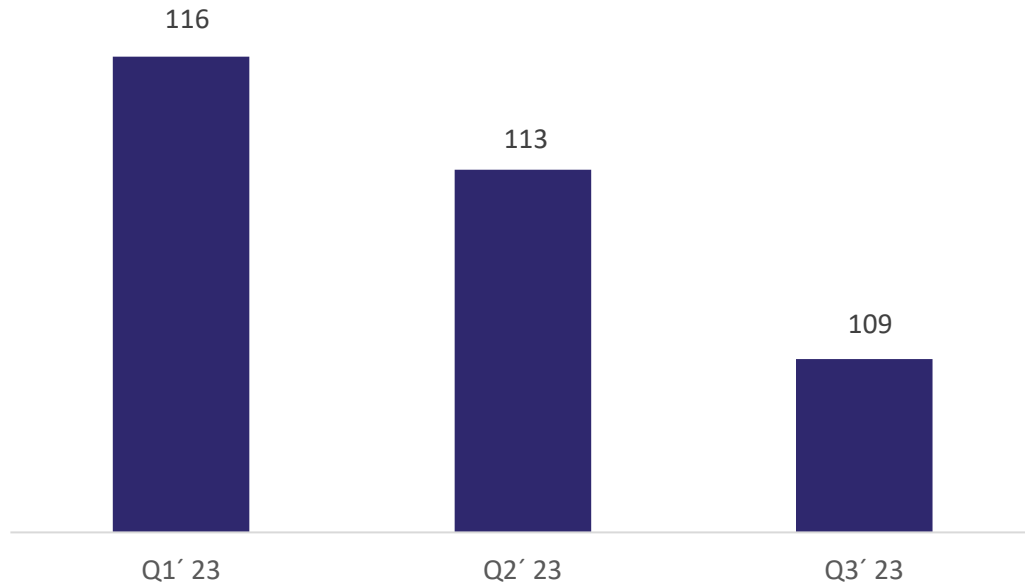
Quarterly Recurring Revenues, SaaS and Total ARR (MSEK)



OPEX RUNRATE Q3 2023

| SIMPLIFICATION ACTIVITIES KEEP LOWERING COSTS IN Q3 2023

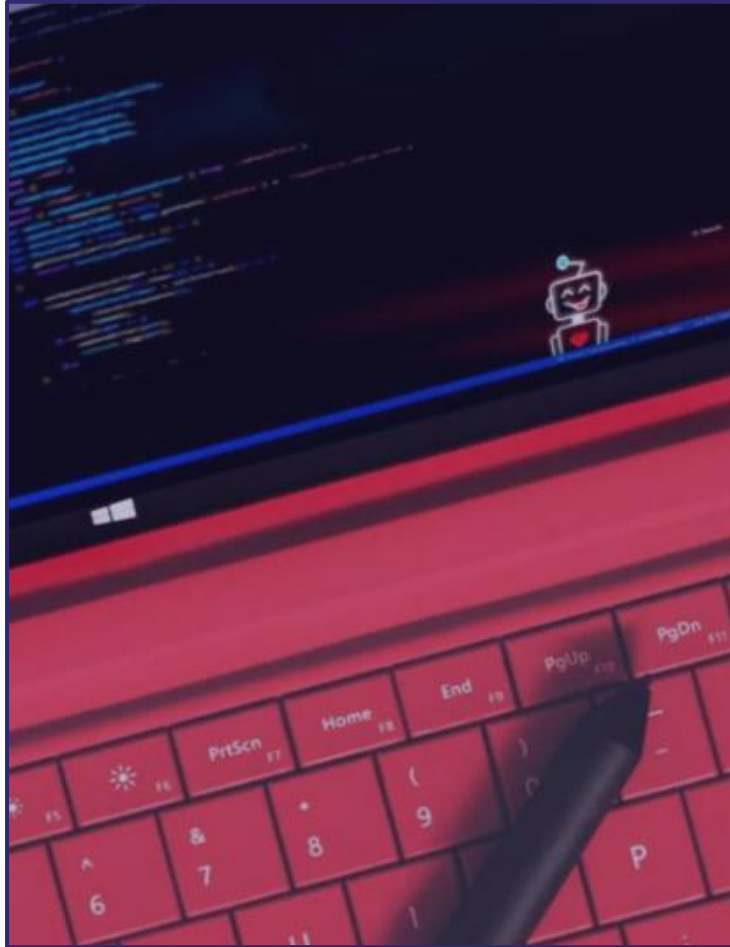
Annual OPEX Run Rate* MSEK



- OPEX(*) run rate of 109 MSEK in Q3 2023 vs. 113 MSEK Q2 23
- Monthly OPEX(*) in Q3 2023 of 9.1 MSEK (9.4 MSEK Q2 23)
- Reported OPEX decrease visible in Q3 2023 following simplification actions during the year

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

KEY INVESTMENT HIGHLIGHTS



A prominent player in a market growing at 48% CAGR with recurring revenues growing +50% 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