

# QUARTERLY REPORT APRIL TO JUNE 2019

## STRONG ORDER INTAKE AND ORDER BACKLOG GROWTH

### APRIL TO JUNE 2019

- Order Intake increased to 22.8 MSEK (7.6) and Order Backlog to 50.7 MSEK (28.4)
- Net Sales totalling 12.6 MSEK (11.4)
- Gross Margin up to 60% (46%)
- Adjusted EBITDA -27.7 MSEK (-23.5)
- Non-recurring expenses of -2.3 MSEK, related to the reverse takeover in February
- Earnings per share -2.0 SEK

### JANUARY TO JUNE 2019

- Order Intake increased to 39.6 MSEK (27.8) and Order Backlog to 50.7 MSEK (28.4)
- Net Sales for the half 25.3 MSEK (23.8)
- Gross Margin up to 55% (51%)
- Adjusted EBITDA -55.3 MSEK (-44.4)
- Non-recurring expenses in connection with the reverse takeover in February totalling -28.5 MSEK
- Earnings per share -4.7 SEK

### EVENTS

- Signed several new customers in a number of verticals including Telecommunications, Automotive, Finance & Banking, United States Government, Retail and Information Technology
- Increased and extended contractual relationships with several long-standing accounts
- Swisscom signed as new Partner to address the Swiss market
- Positive initial response in market following launch of Teneo Fusion and Teneo Developers in previous quarter as it facilitates business scalability
- A directed share issue raised 65.7 MSEK which was closed in the quarter and registered in July 2019

## KEY FIGURES

MSEK	APR–JUN 2019	APR–JUN 2018	JAN–JUN 2019	JAN–JUN 2018	FULL YEAR 2018
Order Intake	22.8	7.6	39.6	27.8	55.4
Order Backlog	50.7	28.4	50.7	28.4	35.2
Net Sales	12.6	11.4	25.3	23.8	44.9
Gross Margin %	60%	46%	55%	51%	45%
Adjusted EBITDA	-27.7	-23.5	-55.3	-44.4	-100.3
Partner Revenue %	34%	25%	42%	26%	32%
Earnings per share, SEK	-2.0	n/a	-4.7	n/a	n/a
Cashflow from Operations	-51.9	-14.0	-84.6	-42.0	-122.0

## CEO STATEMENT



**Lawrence Flynn**  
CEO

I am pleased to report that one of our most important key indicators to show our progress, Order Intake, has shown strong growth this quarter. The total committed value of contracts signed in the quarter grew by 200% compared to the same quarter last year. This means that Order Intake for the year to date already is 72% of the full year 2018, and we still have 6 months to go. Order Backlog, the value of customers contractual commitments yet to be taken to revenue, grew by 79%, compared to same quarter 2018. These increases are encouraging for the future, and I believe they reflect the growing confidence in the Teneo platform. There is a higher concentration of longer term agreements than seen previously, and these focus on our more profitable License and Usage Revenue streams.

I am also pleased to note the continuation of some other trends in our business; the increasing value and percentage of Usage Revenues, more than doubling to 3.1 MSEK in the quarter and growing by 55% to 4.5 MSEK in the first half of the year. The increasing percentage of revenues delivered through our Partners, 34% compared to 25% in the quarter last year is also in line with our strategy.

As we transform the mix of revenue elements towards the more profitable license and usage, the overall Gross Margin continues to increase from 51% to 55% in this half of the year with the quarter performance itself of 60%.

### POSITIVE PROGRESS WITH CUSTOMERS AND PARTNERS

During the quarter we have continued to sign new-name accounts both directly and with our Partners. Further we have new agreements with a number of new Partners and I was particularly pleased to be able to announce a new Partnership with Switzerland's leading telecoms company, Swisscom, who plan to create advanced Conversational AI solutions for its employees, customers and enterprise clients.

Once again, these new customers represent a cross-section of industries, ranging from a North European Motor manufacturer to a major US Government agency and global software and services vendor. Many of these new customers have established centres of excellence and will perform much of the implementation themselves. These centres have a broad remit with specific market expertise who are looking to source and build solutions to roll out across the group themselves. I am happy about this transition as it underpins our overall strategy of being able to deliver projects via third parties whilst we can focus more upon the more profitable License and Usage revenues.

### SUCCESSFUL LAUNCH OF TENEO FUSION

Last Quarter I reported upon the release of Teneo Fusion and I am delighted to report that this new release has been extremely well received by our customers and prospects, our partners and in the extended community of developers and Systems Integrators who build out conversational solutions. I have seen direct evidence that the easy access to the power of the Teneo platform is shortening sales cycles. We have continued to enhance Teneo Fusion, adding a number of new languages and building out functionality and will continue to do so.

### NEW FUNDING SECURED

A directed share issue raising a total of 65.7 MSEK before transaction costs was carried out in the quarter. We will use the funds raised to cover operating deficit and provide funding for future growth of Artificial Solutions.

I would like to take this opportunity to thank both new and older shareholders for your continued support and I look forward to sharing our progress with you.

**Lawrence Flynn**  
CEO

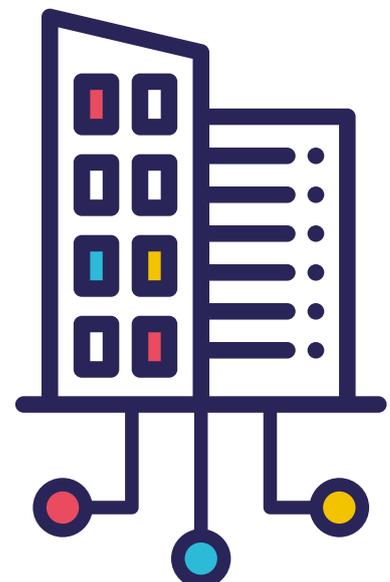
## THE CONVERSATIONAL AI MARKET

Conversational AI allows companies to reignite the customer experience with increased engagement, personalized customer service and improved customer satisfaction. To achieve these benefits, a conversational AI development platform like Teneo is needed to deliver humanlike conversations over any channel, in any language.

The analyst firm Gartner believes that by 2020, 25% of customer service and support operations will integrate virtual customer assistant technology engagement channels, which is up from less than 2% in 2017.

As more customers engage through digital channels, virtual customer assistants are being implemented for handling customer requests on websites, mobile apps, consumer messaging apps and social networks. Gartner predicts that by 2021, 15% of all customer service interactions will be handled by AI, an increase of 400% from 2017.

As the author and developer of Teneo, Artificial Solutions owns and controls its intellectual property rights, giving the company full control of the way in which it engages with the market. Artificial Solutions and its Teneo platform continue to be referenced by global industry analysts as a leading platform provider. This position is reinforced by the increasing number of forward citations its patents receive. Forward citations indicate that new patents acknowledge the importance of a foundational patent in the space. Since 2016, forward citations of Artificial Solutions' patents have increased substantially, with many of these citations being made by the largest software companies in the world including Apple, Nuance, Google, IBM and others, confirming Artificial Solutions' position as a leading innovator in the Conversational AI space.



## FINANCIAL OVERVIEW GROUP

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
Net Sales	12.6	11.4	25.3	23.8	44.9
Gross Margin	7.6	5.3	13.9	12.2	20.2
Gross Margin %	60%	46%	55%	51%	45%
EBITDA	-29.9	-23.5	-61.7	-44.4	-100.3
<i>Adjusted EBITDA</i>	-27.7	-23.5	-55.3	-44.4	-100.3
Operating loss	-33.1	-31.0	-90.0	-59.1	-118.8
<i>Adjusted Operating loss</i>	-30.8	-31.0	-61.5	-59.1	-118.8
Earnings per share, SEK	-2.0	n/a	-4.7	n/a	n/a
Equity ratio	1.3	2.4	1.3	2.4	0.8

MEUR	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
Net Sales	1.2	1.1	2.4	2.3	4.4
Gross Margin	0.7	0.5	1.3	1.2	2.0
Gross Margin %	60%	46%	55%	51%	45%
EBITDA	-2.8	-2.3	-5.9	-4.4	-9.8
<i>Adjusted EBITDA</i>	-2.6	-2.3	-5.3	-4.4	-9.8
Operating loss	-3.1	-3.0	-8.6	-5.8	-11.6
<i>Adjusted Operating loss</i>	-2.9	-3.0	-5.8	-5.8	-11.6
Earnings per share, SEK	-0.18	n/a	-0.44	n/a	n/a
Equity ratio	1.3	2.4	1.3	2.4	0.8

The reporting currency for Artificial Solutions International AB is Swedish Kronor. Prior to the reverse takeover, the reporting currency of Artificial Solutions Holdings ASH AB was Euros. In order to enable comparison numbers are provided in both in both EUR and SEK. Detailed reports of P&L, Balance Sheet and Cash Flow are provided in SEK only.

Immediately following the reverse takeover Artificial Solutions International AB formerly, Indentive AB the Group distributed its subsidiary Indentive Värdepapper AB as a non-cash dividend to its shareholders. In order to provide comparatives on a like for like basis for the prior year the comparative numbers for the Group are provided for the former holding company Artificial Solutions Holdings ASH AB and do not include any of the Indentive AB operations.

## THE GROUP IN BRIEF

### ORDER INTAKE AND ORDER BACKLOG

Order intake is a key measure to show progress for Artificial Solutions. It measures the total value of contractual commitments made by customers during the quarter.

Order Backlog is another key measure and it represents the accumulated value orders received but have not yet been delivered.

When analyzing Order Backlog three key points should be considered:

1. Nature of the Backlog - what type of revenue does it represent, i.e. License, Usage or Services?
2. Timing – when will the service be delivered? This is sometimes not precise as it depends on the customers roll out plan.
3. Profitability and Margin – evaluation of the mix of the transitions, where License and Usage have higher profitability than Services.

#### Longer customer commitment

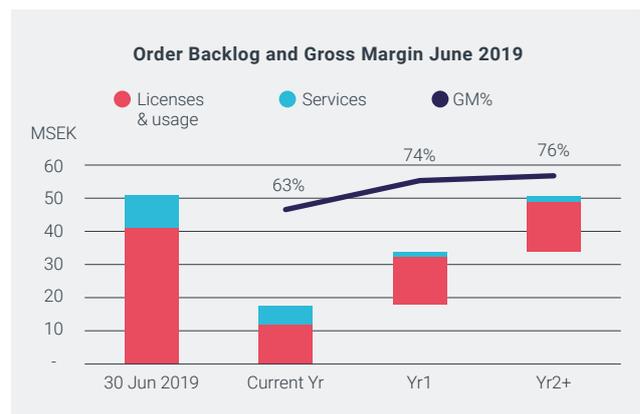
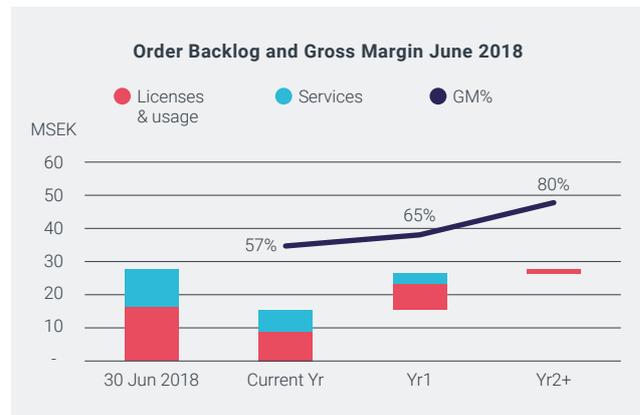
The charts look at the revenue mix of the Order Backlog and when it is expected that the Backlog will be delivered as revenue, it then compares the nature and timing with the same time last year. The overall value of Backlog has increased by 79% year on year. In 2019 Artificial Solutions has signed more long-term commitments with customers with 33% of total Order Backlog expected to be delivered in year 2 and beyond.

This change in pattern demonstrates the increased confidence that our customers have in the Teneo platform and are prepared to sign up for long term commitments.

#### Mix in revenue elements improves Backlog profitability

Another key constituent of Backlog is the Gross Margin of the contracts included in Backlog. The line in the charts estimates the Gross Margin that is locked up in Backlog. This shows that over the life of an agreement, once the initial professional service element has been completed, the overall profitability increases.

MSEK	JUN 2019	JUN 2018	FULL YEAR 2018
Licenses & Usage	27.6	15.8	34.6
Services	12.0	12.0	20.7
<b>Total Order Intake</b>	<b>39.6</b>	<b>27.8</b>	<b>55.4</b>
Licenses & Usage	41.1	17.9	26.6
Services	9.7	10.5	8.6
<b>Total Order Backlog</b>	<b>50.7</b>	<b>28.4</b>	<b>35.2</b>



Note here that the nature of agreements with each of our customers varies in that some will contract for Usage or Services up front, whereas others will commit to the License up front but will buy Usage and Services “as used”. As such, the future revenues to come from existing customers is beyond that included in Backlog at any stage.

## APRIL TO JUNE 2019

Order Intake totalled 22.8 MSEK (7.6), an increase of 200% over the same period last year; and Order Backlog increased to 50.7 MSEK (28.4), an increase of 79%. During the quarter a number of new name accounts were signed across diverse industries as well as renewing and expanding several existing agreements. The proportion of Orders taken by our Partners increased to 55% from 10% in the first quarter. Net Sales increased to 12.6 MSEK (11.4) an increase of 11%.

During the quarter Artificial Solutions did incur additional costs in respect of the reverse takeover in February (-2.3 MSEK). These expenses are not considered to be recurring and have been expensed in full. In order to provide comparative numbers, EBITDA is presented as adjusted for these one time costs.

Personnel Costs have increased over the same quarter last year in line with headcount increasing from 103 in June 2018 to 106 at June 2019, this is due to annual salary reviews, one-time redundancy costs incurred in 2019, and the increased cost of new employees in the USA and Asia Pacific.

Depreciation and Amortization has decreased to -3.1 MSEK (-7.5) as Goodwill in Artificial Solutions Holdings ASH AB had been written off in full by the 31 December 2018 and as such there is no charge for amortizing Goodwill in 2019.

Operating Expenses increased to -48.3 MSEK (-45.6) and Adjusted Operating Expenses increased to -46.0 MSEK (-45.6).

Operating loss (EBIT) amounted to -33.1 MSEK (-31.0) and the adjusted operating loss was -30.8 MSEK (-31.0).

## JANUARY TO JUNE 2019

Order Intake for the half year summed to 39.6 MSEK compared to 27.8 MSEK for the same period in 2018, an increase of 43%. During the half year a number of new name accounts were signed as well as renewals with existing accounts. The term of these agreements is increasing, to reflect the increasing confidence of our customers in the Teneo platform.

Revenue for the half of the year has increased 6% over the same period in the previous year. Usage revenues have increased by 55% reflecting an increased number of customers building out their solutions and investing in Usage packages as the use of their solutions increases.

During the half year Artificial Solutions did incur costs in respect of the reverse takeover of Indentive AB and these have been expensed in full in both the first and second quarters. One-off expenses of -28.5 MSEK, refer to written down Goodwill of -22.1 MSEK with -6.4 MSEK relating to the reverse takeover.

Personnel Costs have increased over the first half year of 2018, from -53.0 MSEK to -57.5 MSEK in line with headcount increasing from 103 in June 2018 to 106 at June 2019. This is due to annual salary reviews, one-time redundancy costs incurred in 2019, and the increased cost of new employees in the USA and Asia Pacific.

Depreciation and Amortization has decreased to -6.2 MSEK (-14.7) as Goodwill in Artificial Solutions Holdings ASH AB had been written off in full by the 31 December 2018 and as such there is no charge for amortizing Goodwill in 2019.

Operating Expenses increased to -120.2 MSEK (-89.0) and Adjusted Operating Expenses increased to -91.7 MSEK (-89.0).

Operating loss (EBIT) amounted to -90.0 MSEK (-59.1) and the adjusted operating loss was -61.5 MSEK (-59.1).

## FINANCIAL ITEMS AND TAX

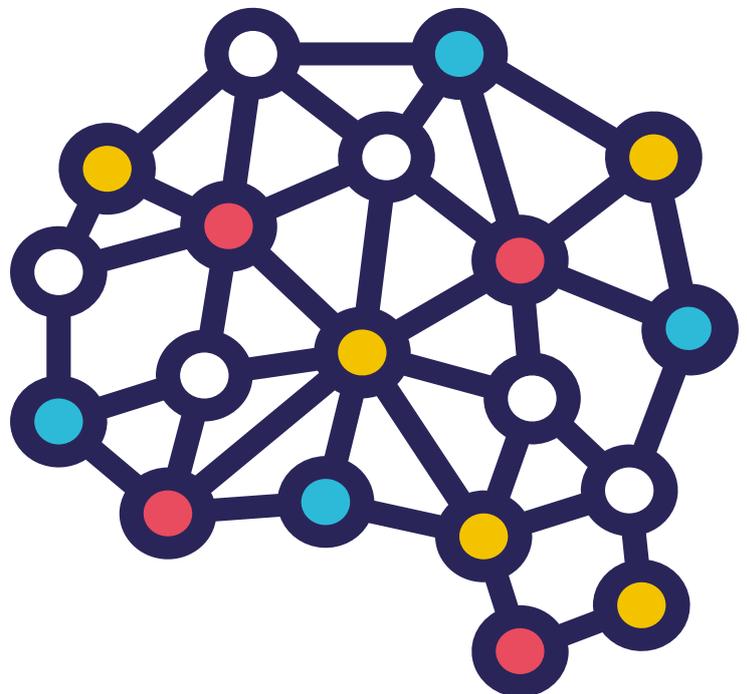
Due to the value of accumulated tax losses there is no tax payable in relation to 2018 or 2019. Net financial items have increased to -10.2 MSEK (-0.6) in the quarter. Of this, -6.9 MSEK is interest from loans contracted in the last quarter of 2018 and in the first half of the year, the remainder is unrealized currency expenses. The total net financial items for the first half of the year is -12.4 MSEK (0.0), which is mainly due to the interest on the loans.

## CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash Flow from operating activities decreased to -51.9 MSEK (-14.0) in the quarter and -84.6 MSEK (-42.0) in the first half of the year. The increase in use of cash in both the quarter and the half relate principally to non-recurring costs related to the Reverse Takeover.

The Operating loss increased to -33.1 MSEK (-31.0). The decrease in cash of -17.7 MSEK in the quarter and 28.9 MSEK in the half were incurred as a result of non-recurring expenses relating to the Reverse Takeover. In the first half of the year, whilst the collection of trade debtors has increased by 6.5 MSEK compared to the same period last year, personnel costs, non-recurring expenses and transaction costs have negatively impacted the cash flow for the period.

In the quarter Artificial Solutions closed a directed share issue of 2,736,847 shares raising 65.7 MSEK, prior to transaction costs. The transaction was registered in July 2019 and hence is not reflected in the published Balance Sheet. The funds received of 65.7 MSEK are included as Current Liabilities to other Lenders and will be converted to Equity in Q3 once registration is complete. Current Liabilities to other lenders also include short term Loans of a further 31.5 MSEK.



## OTHER INFORMATION

### ACCOUNTING POLICIES

The interim report for the group and the parent company have been prepared using the accounting policies, formats etc as stated by the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and Consolidated reports (K3).

### PARENT COMPANY

The Parent Company Artificial Solutions International AB formerly, Indentive AB. On 5 March 2019, Indentive AB distributed its subsidiary Indentive Värdepapper AB as a non-cash dividend to its shareholders. As such for comparison purposes, the Parent Company excludes all Indentive Värdepapper AB transactions.

This quarter there was operating income in the Parent Company Artificial Solutions International AB of 0.9 MSEK (3.4). This is revenue from a single customer agreement entered into with the Parent Company. Other external costs in the quarter of -11.1 MSEK (-3.5) and half year of -12.3 MSEK (-9.5) relate to transaction costs incurred as a result of the reverse takeover. These costs will not be repeated.

As a result of the reverse takeover Artificial Solutions International AB acquired the investments in the Artificial Solutions group subsidiaries of 1,120.8 MSEK (8.7) and carries a share premium reserve of 1,046.6 MSEK (51.3).

Changes in working capital related to intercompany transactions with group companies.

The funds received as a result of the directed share issue of 65.7 MSEK are included as Current Liabilities to other Lenders and will be converted to Equity in Q3 once registration is complete. Current Liabilities to other lenders also include short term Loans of a further 31.5 MSEK.

### SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to a range of operational and financial risks. These risks could have a material adverse effect on Artificial Solutions' operations, financial position and/or results. For further information about risks and uncertainties, see page 2-12 in the Company Description (only available in Swedish), which you can find on [www.artificial-solutions.com](http://www.artificial-solutions.com).

### RELATED-PARTY TRANSACTIONS

During the first six months Artificial Solutions entered into a new Lease Agreement for a new office with Vencom Property Partners AB. The terms of the Lease are 1.5 MSEK per annum for a term of 2 years. The agreement is considered to be at Market rates.

The Group entered into a Consulting Services agreement with ASH&Partner AB for a period of 13 months at a rate of 30,000 SEK per month.

The Group entered into a Consulting Services agreement with JUTechnology LLC for a period of 13 months at a rate of 21,660 SEK per month.

### EMPLOYEES

The number of full-time equivalent employees in the Group at 30 June 2019 amounted to 106 (103).

### EVENTS DURING THE QUARTER

#### During the Quarter, Artificial Solutions:

- Closed a Directed Share Issue of 65.7 MSEK. The shares were registered in July 2019.
- Signed a new Partnership with Switzerland's leading telecoms company, Swisscom plan to create advanced natural language solutions for its employees, customers and enterprise clients.
- 9 April 2019 Artificial Solutions announced the release of Teneo Fusion, the latest version of the company's revolutionary conversational AI development platform. This new release blends significant enhancements to the Teneo Platform and adds business value measurements to deliver the ultimate conversational AI experience.

### EVENTS AFTER THE QUARTER

There were no significant events after the end of the quarter.

## THE COMPANY'S MAJOR SHAREHOLDERS

The Artificial Solutions share is listed on Nasdaq First North Stockholm under the symbol "ASAI". The number of shares as of 30 June 2019 was 21,973,818 shares. The largest owner is Scope, which holds 49.3% of the number of shares.

	30 JUN 2019	30 JUN 2018	31 DEC 2018
Number of shares at the end of the period	21,973,818	6,469,492	14,215,572
Average number of shares before dilution	14,361,743	6,231,825	10,283,115
Average number of shares after dilution	14,834,557	6,802,708	10,536,765

## SHARE-RELATED INCENTIVE PROGRAM

### INCENTIVE PROGRAM 2019/2022

At the Annual General Meeting of Artificial Solutions on 28 February 2019, it was resolved to introduce a long-term incentive program in the form of a warrant program, Incentive Program 2019/2022. The incentive program is directed to Artificial Solutions' Board members. Artificial Solutions issued 195,628 warrants to the subsidiary Artificial Solutions Holding ASH AB, which subscribed for all warrants. As of 31 March 2019, Artificial Solutions Holding ASH AB has allocated 195,628 warrants to the board members of the Company for SEK 4.58 per warrant.

The warrants of Serie 2019/2022 give the right to subscribe for one new share in the Company at a subscription price of 150 percent of SEK 32.87, which corresponds to the volume-weighted average price for the Company's share on Nasdaq First North during the period from 11 March 2019 to 22 March 2019 ("VWAP"). The maximum dilution under Incentive Program 2019/2022 is estimated to amount to a maximum of approximately 0.89 percent of the total number of shares and votes in Artificial Solutions. The warrants can be exercised during the period from 1 February 2022 until 15 June 2022.

### INCENTIVE PROGRAM 2019/2024

At the Annual General Meeting of Artificial Solutions on 28 February 2019, it was resolved to introduce a long-term incentive program in the form of a warrant program, Incentive Program 2019/2024. The incentive program is directed to senior executives and other key personnel. Artificial Solutions issued 978,135 warrants to the subsidiary Artificial Solutions Holding ASH AB, which subscribed for all warrants.

As of 31 March 2019, Artificial Solutions Holding ASH AB has allocated 859,720 warrants to employees within the Group for SEK 11.26 per warrant to employees in Sweden and without consideration to employees outside of Sweden.

The warrants of Serie 2019/2024 give the right to subscribe for one new share in the Company at a subscription price of 100 percent of SEK 32.87, which corresponds to VWAP as defined above. The maximum dilution effect under Incentive Program 2019/2024 is estimated to amount to a maximum of approximately 4.44 percent of the total number of shares and votes in Artificial Solutions. The warrants can be exercised during the period from 1 February 2024 until 15 June 2024. However, no UK employees received any warrants but instead EMI options giving the right to the same number of shares as the UK employee should have received right to under the Incentive Program 2019/2024, on substantially the same terms and conditions as under Incentive Program 2019/2024.

### AUDIT REVIEW REPORT

This interim report has not been reviewed by the Company's auditors.

### FINANCIAL CALENDAR

- Interim Report Jan - Sep 2019: 14 Nov 2019
- Year-end Report Jan - Dec 2019: 27 Feb 2020

**Stockholm, 14 August 2019**

**Lawrence Flynn**

CEO

This information is such that Artificial Solutions International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 7.30 a.m. CET on 14 August 2019.

Artificial Solutions International is listed on Nasdaq First North in Stockholm with short name ASAI. Erik Penser Bank is the Company's Certified Adviser ([www.penser.se](http://www.penser.se), tfn +46 (0) 8-463 83 00, e-post [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se)).

## BOARD SIGNATURES

The Board of Directors and CEO assure that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and profits, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 14 August 2019 Artificial Solutions International AB (publ).

**Åsa Hedin**

Chair of the Board

**Johan Ekesiö**

Board Member

**Johan Gustavsson**

Board Member

**Fredrik Oweson**

Board Member

**Bodil Eriksson**

Board Member

**Jan Uddenfeldt**

Board Member

**Lawrence Flynn**

CEO

# GROUP FINANCIAL STATEMENTS

## GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
Net Sales	12.6	11.4	25.3	23.8	44.9
Capitalized amount for own accounts	2.6	3.2	4.9	6.1	12.2
Other operating income	-	-	-	-	5.3
<b>Total operating income</b>	<b>15.3</b>	<b>14.6</b>	<b>30.2</b>	<b>29.9</b>	<b>62.4</b>
Personnel costs	-28.5	-26.7	-57.5	-53.0	-105.9
Other external costs	-16.7	-11.4	-34.4	-21.3	-51.5
Depreciation and amortization on fixed assets	-3.1	-7.5	-6.2	-14.7	-23.7
Other operating expenses	-0.0	-0.0	-22.1	-0.0	-0.1
<b>Total operating expenses</b>	<b>-48.3</b>	<b>-45.6</b>	<b>-120.2</b>	<b>-89.0</b>	<b>-181.2</b>
<b>Operating loss</b>	<b>-33.1</b>	<b>-31.0</b>	<b>-90.0</b>	<b>-59.1</b>	<b>-118.8</b>
Net financial items	-10.2	-0.6	-12.4	-	-27.3
<b>Loss after financial items</b>	<b>-43.2</b>	<b>-31.6</b>	<b>-102.4</b>	<b>-59.1</b>	<b>-146.1</b>
Tax on result for the period	-	-	-	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-43.2</b>	<b>-31.6</b>	<b>-102.4</b>	<b>-59.1</b>	<b>-146.1</b>

## GROUP CONSOLIDATED BALANCE SHEET

MSEK	30 JUN 2019	30 JUN 2018	31 DEC 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure for licensed software and development	29.5	30.9	29.4
Goodwill	-	1.1	-
Equipment, furniture and fitting	1.7	2.1	1.8
Other non-current receivables	5.8	5.5	5.5
<b>Total non-current assets</b>	<b>36.9</b>	<b>39.6</b>	<b>36.7</b>
<b>Current assets</b>			
Current receivables	42.0	11.5	23.0
Cash and bank balances	50.0	7.9	46.8
<b>Total current assets</b>	<b>91.9</b>	<b>19.4</b>	<b>69.8</b>
<b>TOTAL ASSETS</b>	<b>128.9</b>	<b>59.1</b>	<b>106.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	39.6	32.3	37.4
Share premium reserve	1,046.6	656.1	774.9
Other equity including result for the period	-1,255.0	-828.3	-898.7
<b>Total Equity</b>	<b>-168.8</b>	<b>-139.9</b>	<b>-86.4</b>
<b>Non-current liabilities</b>			
Liabilities to other lenders	53.2	26.5	52.3
<b>Total non-current liabilities</b>	<b>53.2</b>	<b>26.5</b>	<b>52.3</b>
<b>Current liabilities</b>			
Liabilities to other lenders	200.8	134.0	93.7
Current liabilities	10.5	7.9	7.3
Accrued expenses and deferred income	33.2	30.5	39.6
<b>Total current liabilities</b>	<b>244.5</b>	<b>172.4</b>	<b>140.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>128.9</b>	<b>59.1</b>	<b>106.5</b>

## GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
<b>Operating Activities</b>					
Loss after financial items	-43.2	-31.6	-102.4	-59.1	-146.1
Adjustments for items not included in cash flow	13.5	5.4	35.4	7.4	35.6
Taxation paid and received	-0.1	0.0	3.6	0.0	0.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-29.8</b>	<b>-26.2</b>	<b>-63.4</b>	<b>-51.7</b>	<b>-110.5</b>
Cash flow from changes in working capital	-22.1	12.2	-21.2	9.7	-11.5
<b>Cash flow from operating activities</b>	<b>-51.9</b>	<b>-14.0</b>	<b>-84.6</b>	<b>-42.0</b>	<b>-122.0</b>
Cash flow from investing activities	-2.7	-3.4	-5.1	-6.4	-13.1
Cash flow from financing activities	95.0	16.1	92.9	51.3	176.8
<b>Net change in cash and cash equivalents</b>	<b>40.4</b>	<b>-1.3</b>	<b>3.2</b>	<b>2.9</b>	<b>41.8</b>
Cash and cash equivalents beginning of the period	9.6	9.3	46.8	5.0	5.0
<b>Cash and cash equivalents end of the period</b>	<b>50.0</b>	<b>7.9</b>	<b>50.0</b>	<b>7.9</b>	<b>46.8</b>

## GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	30 JUN 2019	30 JUN 2018	31 DEC 2018
<b>Amount Brought Forward</b>	<b>-86.4</b>	<b>-78.4</b>	<b>-78.4</b>
New Issue of Shares	22.2	-0.1	136.8
Translation Differences	-2.2	-2.3	1.3
Results for the period	-102.4	-59.1	-146.1
<b>Amount Carried Forward</b>	<b>-168.8</b>	<b>-139.9</b>	<b>-86.4</b>

## KPIs

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
Order Intake	22.8	7.6	39.6	27.8	55.4
Order Backlog	50.7	28.4	50.7	28.4	35.2
Net Sales	12.6	11.4	25.3	23.8	44.9
Gross Margin	7.6	5.3	13.9	12.2	20.2
Gross Margin %	60%	46%	55%	51%	45%
Adjusted EBITDA	-27.7	-23.5	-55.3	-44.4	-100.3
Usage Revenue	3.1	1.4	4.5	2.9	5.3
Usage Revenue %	24%	12%	18%	12%	12%
Partner Order Intake %	55%	61%	36%	21%	50%
Partner Revenue %	34%	25%	42%	26%	32%

# FINANCIAL STATEMENTS PARENT COMPANY

## PARENT COMPANY INCOME STATEMENT

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
Net Sales	0.9	3.4	0.9	9.1	13.2
Other operating income	-	1.3	-	3.5	4.2
<b>Total operating income</b>	<b>0.9</b>	<b>4.7</b>	<b>0.9</b>	<b>12.6</b>	<b>17.4</b>
Other external costs	-11.1	-3.5	-12.3	-9.5	-12.6
Other expenses	-	-7.5	-	-15.9	-25.5
<b>Total operating expenses</b>	<b>-11.1</b>	<b>-11.0</b>	<b>-12.3</b>	<b>-25.4</b>	<b>-38.1</b>
<b>Operating loss</b>	<b>-10.2</b>	<b>-6.3</b>	<b>-11.4</b>	<b>-12.8</b>	<b>-20.7</b>
Net financial items	-2.7	-0.1	-3.0	-0.1	-1.3
<b>Loss after financial items</b>	<b>-12.9</b>	<b>-6.4</b>	<b>-14.3</b>	<b>-12.9</b>	<b>-22.0</b>
<b>Result before tax</b>	<b>-12.9</b>	<b>-6.4</b>	<b>-14.3</b>	<b>-12.9</b>	<b>-22.0</b>
Tax on result for the period	-	-	-	-	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-12.9</b>	<b>-6.4</b>	<b>-14.3</b>	<b>-12.9</b>	<b>-22.0</b>

## PARENT COMPANY BALANCE SHEET

MSEK	30 JUN 2019	30 JUN 2018	31 DEC 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized expenditure	-	22.5	-
Equipment, furniture and fitting	-	0.1	-
Financial assets	1,121.0	9.3	21.8
<b>Total non-current assets</b>	<b>1,121.0</b>	<b>31.9</b>	<b>21.8</b>
<b>Current assets</b>			
Current receivables	17.6	7.1	8.2
Cash and bank balances	24.9	0.4	-
<b>Total current assets</b>	<b>42.5</b>	<b>7.5</b>	<b>8.2</b>
<b>TOTAL ASSETS</b>	<b>1,163.6</b>	<b>39.4</b>	<b>30.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	39.6	27.7	2.8
Share premium reserve	1,046.6	51.3	58.9
Other equity including result for the period	20.7	-51.8	-37.0
<b>Total Equity</b>	<b>1,106.9</b>	<b>27.2</b>	<b>24.7</b>
<b>Non-current Liabilities</b>			
Liabilities to other lenders	0.3	3.5	0.4
<b>Total non-current liabilities</b>	<b>0.3</b>	<b>3.5</b>	<b>0.4</b>
<b>Current liabilities</b>			
Liabilities to other lenders	110.1	1.3	0.7
Current liabilities	-56.3	4.0	2.6
Accrued expenses and deferred income	2.6	3.4	1.7
<b>Total current liabilities</b>	<b>56.3</b>	<b>8.7</b>	<b>4.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,163.6</b>	<b>39.4</b>	<b>30.0</b>

## PARENT COMPANY CASH FLOW STATEMENT

MSEK	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018	FULL YEAR 2018
<b>Operating Activities</b>					
Loss after financial items	-12.9	-6.4	-14.3	-12.9	-22.0
Adjustments for items not included in cash flow	2.3	0.2	2.5	0.3	2.2
Taxation paid and received	-	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-10.6</b>	<b>-6.2</b>	<b>-11.8</b>	<b>-12.6</b>	<b>-19.8</b>
<i>Cash flow from changes in working capital</i>	<i>-59.4</i>	<i>0.3</i>	<i>-54.1</i>	<i>0.7</i>	<i>-0.8</i>
<b>Cash flow from operating activities</b>	<b>-70.0</b>	<b>-5.9</b>	<b>-65.9</b>	<b>-11.8</b>	<b>-20.6</b>
Cash flow from investing activities	-0.0	-1.9	-0.0	-4.1	-4.1
Cash flow from financing activities	95.0	4.1	90.9	3.6	12.0
<b>Net change in cash and cash equivalents</b>	<b>24.9</b>	<b>-3.7</b>	<b>24.9</b>	<b>-12.3</b>	<b>-12.7</b>
Cash and cash equivalents beginning of the period	-0.0	4.2	-	12.7	12.7
<b>Cash and cash equivalents end of the period</b>	<b>24.9</b>	<b>0.4</b>	<b>24.9</b>	<b>0.4</b>	<b>-</b>

## PARENT COMPANY CHANGE IN EQUITY

MSEK	30 JUN 2019	30 JUN 2018	31 DEC 2018
<b>Amount Brought Forward</b>	<b>24.7</b>	<b>27.9</b>	<b>27.9</b>
New Issue of Shares	1,116.7	7.3	16.4
New Issue of shares not registered	-	5.0	-
Distributed to shareholders/Indentive Värdepapper	-21.8	-	-
Shareholder contribution	1.7	-	2.3
Results for the period	-14.3	-12.9	-22.0
<b>Amount Carried Forward</b>	<b>1,106.9</b>	<b>27.2</b>	<b>24.7</b>

## DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFAR

FINANCIAL MEASURES	DESCRIPTION
<b>Order Intake</b>	The value of contractually committed orders received from customers in the period.
<b>Order Backlog</b>	The value of contractually committed orders received from customers which have not yet been recognized as revenue.
<b>Usage Revenue</b>	The amount of revenue derived solely from the usage of the Teneo Platform.
<b>Usage Revenue as % Total Revenue</b>	Is calculated as the total usage revenue in the period as a percent of Total Revenue from Operations in the period.
<b>Gross Margin, % Revenue</b>	Gross Margin expressed as a percent of Total Revenue. Gross Margin is calculated by applying the cost of product delivered, for professional services the cost is taken as the average fully loaded cost of days invoiced to the customer.
<b>Partner % of Order Intake</b>	The value of Order Intake received from Partners as a percent of the total value of Order Intake in the period.
<b>Partner Revenue %</b>	The value of Revenue recognized from Partners as a percent of the total value of Revenue in the period.
<b>Net Sales</b>	Revenue derived directly from the delivery of customer projects.
<b>EBITDA</b>	Earnings before interest, tax depreciation and amortization.
<b>Average number of shares before dilution</b>	Average number of shares during the period.
<b>Average number of shares after dilution</b>	Average number of shares during the period including number of shares at full dilution.

## CONFERENCE CALL/WEBCAST

The results will be presented by Lawrence Flynn, CEO, and Chris Bushnell, CFO, at a combined telephone conference and webcast on 14 August 2019 at 10:00 a.m. CET.

To follow the webcast please visit,

[www.artificial-solutions.com/investor-relations](http://www.artificial-solutions.com/investor-relations).

To participate in the conference, use any of the following dial-in numbers:

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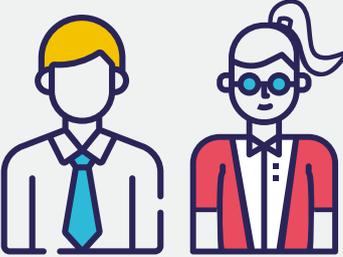
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## CONTACT INFORMATION

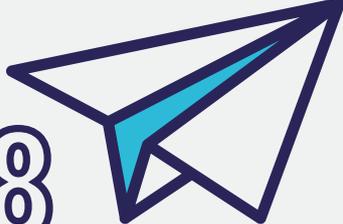
**Lawrence Flynn, CEO.**

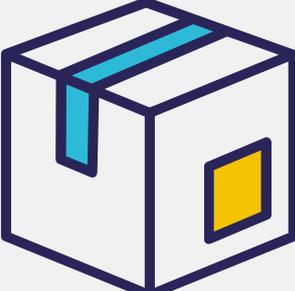
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