

ANNUAL ACCOUNTS

and

CONSOLIDATED ACCOUNTS

2018-01-01 to 2018-12-31

The annual accounts and consolidated accounts include:

	Page
The management report	1-4
Income statement, the group	5
Balance sheet, the group	6-7
Cash flow statement, the group	8
Income statement, parent company	9
Balance sheet, parent company	10-11
Cash flow statement, parent company	12
Additional information (notes)	13-23
Signatures	23

**ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS OF
ARTIFICIAL SOLUTIONS HOLDING ASH AB**

The board and the managing director of Artificial Solutions Holding ASH AB hereby submits the annual accounts and the consolidated account for the financial period 2018-01-01 to 2018-12-31

All amounts in the annual report and consolidated accounts are reported in Euro.

MANAGEMENT REPORT**Scope and type of operations:**

Artificial Solutions® is the leading specialist in enterprise-strength Conversational AI, a form of Artificial Intelligence that allows people to communicate with applications, websites and devices in everyday, humanlike natural language via voice, text, touch or gesture input.

Designed for the global enterprise, the company's advanced conversational AI platform, Teneo®, allows business users and developers to collaborate on creating sophisticated, highly intelligent applications that run across 35 languages, multiple platforms and channels in record time. The ability to analyze and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of insight that reveal what customers are truly thinking.

Artificial Solutions' conversational AI technology makes it easy to implement a wide range of natural language applications such as virtual assistants, chatbots, speech-based conversational UIs for smart devices and more. It is already used daily by millions of people across hundreds of private and public sector deployments worldwide.

Significant events during the financial year

In February 2018, Artificial Solutions Holding entered into convertible bridge loans of EUR 3,5 million.

In June 2018, the Artificial Solutions Holding issued a further 141.701 Preference shares of series D at EUR 24,7 per share raising a total of EUR 3,5 million.

In September 2018, Artificial Solutions Holding issued 412.562 Preference Shares of series D at an issue price of EUR 24,70 per share raising a total of EUR 10.190 thousand.

In September 2018, bridge loans of EUR 7,1 million were repaid in partly by cash and partly by Preference Shares of Series D in accordance with the above.

In December 2018 Artificial Solutions Holding issued senior secured fixed rate bonds to an amount of SEK 52 million.

In December 2018, in anticipation of the proposed transaction, Artificial Solutions entered into an agreement to provide a Conditional Capital Contribution to Indentive AB. The Contribution is repayable in whole or in part as soon as Indentive have established that they have unrestricted equity available.

Future developments, risks and uncertainties:

Through its operations, the Group is exposed to a range of operational and financial risks. The Group has sales and purchases in currencies other than its functional currency. This exposes the Group to transaction and translation differences as the sales and purchases are recognized at spot rate, which may have changed at the subsequent settlement. Also, the Group has net investments in foreign subsidiaries which also expose it to translation differences upon consolidation. The Group's objective is to achieve long-term, stable, financing that provides an appropriate gearing at a reasonable cost, as well as sufficient funding for the Group to finance its operations and investment requirements. The long term financing requirements are reviewed regularly and management ascertains that appropriate credit lines and other sources of funding are available. Regular cash flow analyses are prepared to plan short-term liquidity requirements.

The Group's sales exposes it to credit risks as losses are incurred if the customers cannot pay. So far, the Group's credit losses have been minimal.

With Current Assets amounting to 6,8 M euro and Current Liabilities amount to 13,7 M euro as at 31 December 2018 and based on the current budget of revenues and cost base, as described in note 18 regarding post balance sheet events, the company have negotiated new loan facilities totaling €7.25m. Based on the Working Capital situation as at 31 December 2018, the trading forecast and the new loan structure that has been put in place in February 2019, it is the Boards opinion that the company have enough working capital to continue to trade for at least the next 12 months.

Research and Development

In 2018 the main focus of R&D has been based on the new "data" foundation and using this to build the new "Teneo learn" and "Teneo predict" Machine Learning modules which will be fully integrated, core elements of Teneo. This new functionality will allow enable all Teneo bot developers build even better and more capable bots by enabling them to use data to train and improve their bots. During 2018 we have extended concepts such as "entities" and language resources have been extended with further NLP and NLU function both natively and directly as part of our Teneo language resources

R&D activities relating to the development of products with demonstrable future value are capitalized; all other expenses are accounted for in the period in which they are incurred. Based on this for 2018, EUR 1.187k (EUR 863K in 2017) of internally developed software was capitalized as an intangible asset. Internally developed R&D is calculated based on the fully-loaded cost of the man hours spent developing applications, reusable knowledge and methodology which can be considered to be of future value. Group policy is that, considering market the company operates in and the return on the investment expected, developed assets have a Useful Economic Life of 5 years. See Note 8.

Use of financial instruments.

The Zero Coupon Deep Discount Bond issued in December 2012, with maturity date in June 2015, remains outstanding pending agreement from the bondholder with regards to method of repayment. The face value of the bond, is EUR 165k. The company has accrued EUR 77k interest for the period since the maturity date.

In September 2018 Bridging Loans received in 2017 totaling 1.350m of capital value and 0.470m of interests were repaid in full or converted to equity.

The existing loan agreement with a credit institution with capital value of EUR 5.6m was renegotiated. The term of the loan was extended to 1st June 2020, "Senior Loan".

The existing loan agreement with a credit institution with capital Value EUR 1.6m was renegotiated. The term of the loan was extended to 1st June 2020, this loan is subordinated to the existing "Senior Loan"

Ownership

At 31 December 2018 the Company's share capital was owned by various private companies, equity firms, a company held by the Group Senior Managers and other individuals. The percentage of ownership on the Group as at 31 december 2018 is as follows:

Shareholder	Total Shares	Ownership
Scope Growth II L.P.	940,932	26%
Scope Growth III L.P.	682,833	19%
Various shareholders ownership below 10%	2,022,344	55%
Total	3,646,109	100%

Sales, profit/loss and financial position

The Group

	2018	2017	2016	2015
	EUR '000	EUR '000	EUR '000	EUR '000
Net sales	4,389	4,951	3,620	2,879
Operating loss	-11,579	-9,435	-8,389	-7,986
Loss after financial items	-14,236	-10,927	-10,171	-8,621
Total intangible assets	2,870	3,873	5,561	7,198
Total assets	10,386	6,547	8,958	9,013
Total equity	-8,427	-7,526	-1,807	-4,487
Solidity	-81%	-115%	-20%	-50%
Average no. of employees	111	102	86	76

Proposal for the treatment of the unappropriated earnings**The Group**

The Group's non-restricted equity amounts to EUR -12,073k of which EUR -14,238k are loss for the current year.

The parent company

The following are available for appropriation at the annual general meeting

	2018
Share premium reserve	75,565,579
Loss carried forward	-43,332,250
Result for the year	-1,619,457

30,613,871

The board proposes that

the following be carried forward 30,613,871

30,613,871

Change in Equity

The Group	Share capital	Restricted reserves	Sum shared capital
Amount brought forward	3,091,846	-	3,091,846
New registration of shares	554,263	-	554,263
Balance carried forward	3,646,109	-	3,646,109

The Group	Non-restricted reserves	Net profit/ loss for the year	Sum non restricted capital	Total equity
Amount brought forward	-10,618,102	-	-10,618,102	-7,526,256
New issue of shares	12,789,919	-	12,789,919	13,344,182
Translation differences	-6,772	-	-6,772	-6,772
Net loss for the year	-	-14,237,758	-14,237,758	-14,237,758
Balance carried forward	2,165,044	-14,237,758	-12,072,714	-8,426,605

Parent company	Share capital	Restricted reserves	Sum restricted capital
Amount brought forward	3,091,846	-	3,091,846
New registration of shares	554,263	-	554,263
Balance carried forward	3,646,109	-	3,646,109

Parent company	Non-restricted reserve	Net profit/ loss for the year	Sum non restricted capital	Total equity
Amount brought forward	62,775,660	-43,332,250	-	22,535,256
New registration of shares	12,789,919	-	-	13,344,182
Net profit for the year	-	-	-1,619,457	-1,619,457
Balance carried forward	75,565,579	-43,332,250	-1,619,457	34,259,980

Please refer to the following income statements, balance sheets, cash flow statements and additional information regarding the parent company's and the Group's losses and financial position in general. All amounts are in Euros (EUR) unless otherwise indicated.

**CONSOLIDATED
INCOME STATEMENT
EUR**

	<u>Note</u>	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Operating income, etc.			
Net sales	1	4,389,131	4,950,518
Capitized amount for own accounts	5	1,187,085	871,718
Other operating income	1	516,511	1,234,417
		-----	-----
		6,092,726	7,056,653
Operating expenses			
Other external costs	2, 3, 4	-5,022,343	-4,278,158
Personnel costs	5	-10,326,387	-9,572,166
Depreciation and amortisation on fixed assets	8, 9	-2,320,074	-2,641,364
Other operating expenses		-3,025	-325
		-----	-----
Operating loss		-11,579,103	-9,435,360
Result from financial investments			
Interest income and similar items	6	366,141	448,895
Interest expenses and similar items	7	-3,023,216	-1,940,614
		-----	-----
Loss after financial items		-14,236,177	-10,927,078
Tax on profit for the year		-1,581	-
		-----	-----
NET LOSS FOR THE YEAR		-14,237,758	-10,927,078
		=====	=====

**CONSOLIDATED
BALANCE SHEET
EUR**

	Note	12/31/2018	12/31/2017
ASSETS			
Fixed assets			
Intangible assets			
	8		
Capitalized expenditure for licences software and content development		2,869,877	3,106,584
Goodwill		-	766,770
		-----	-----
		2,869,877	3,873,354
Tangible assets			
Equipment, furniture and fittings	9	173,801	226,964
		-----	-----
		173,801	226,964
Total fixed assets		3,043,678	4,100,319
Other non-current receivables		537,661	517,305
Total non current assets		3,581,339	4,617,624
Current assets			
Current receivables			
Accounts receivable - trade		559,521	398,853
Tax receivable		882,918	369,309
Other receivables		328,638	88,112
Prepaid expenses and accrued income	12	469,698	582,578
		-----	-----
		2,240,776	1,438,852
Cash and bank balances		4,563,682	490,838
Total current assets		6,804,458	1,929,691
		-----	-----
TOTAL ASSETS		10,385,797	6,547,314
		-----	-----

**CONSOLIDATED
BALANCE SHEET
EUR**

	Note	12/31/2018	12/31/2017
EQUITY AND LIABILITIES			
Equity	13		
Share capital		3,646,109	3,091,846
Share premium reserve		75,565,579	62,775,660
Other equity including result for the year		-87,638,292	-73,393,762
Total equity		-8,426,605	-7,526,256
Long-term liabilities			
Liabilities to other lenders	14	5,101,709	2,537,419
Total Long-term liabilities		5,101,709	2,537,419
Current liabilities			
Liabilities to other lenders	14	9,132,331	7,776,290
Accounts payable - trade		363,605	395,245
Income tax liability		2,353	5,314
Other liabilities		346,549	240,646
Accrued expenses and deferred income	15	3,865,855	3,118,657
Total current liabilities		13,710,693	11,536,151
TOTAL EQUITY AND LIABILITIES		10,385,797	6,547,314

**CONSOLIDATED
CASH FLOW STATEMENT
EUR**

	<u>Note</u>	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Operating activities			
Operating loss		-11,579,103	-9,435,360
Depreciation/amortisation on assets		2,320,074	2,641,364
Adjustments for items excluded from cash flow statement	19	29,738	320,310
		-9,229,290	-6,473,686
Interest received		298,477	363,046
Interest paid		-1,739,951	-887,636
Taxation paid and received		-	140,363
Cash flow from operating activities before changes in working capital		-10,670,764	-6,857,913
Cash flow from changes in working capital			
(Increase)/Decrease in receivables		-1,960,716	358,686
Increase/(Decrease) in liabilities		821,461	359,947
Cash flow from operating activities		-11,810,019	-6,139,280
Investing activities			
Payments to acquire tangible fixed assets	9	-25,370	-62,785
Payments to acquire intangible fixed assets	8	-1,243,750	-881,923
Cash flow from investing activities		-1,269,120	-944,707
Financing activities			
New share issue	13	12,820,313	3,833,197
Cost of new share issue	13	-346,115	-186,943
Change in loans	14	4,677,786	3,118,155
Cash flow from financing activities		17,151,984	6,764,409
Net change in cash and cash equivalents		4,072,845	-319,578
Cash and cash equivalents beginning of the year		490,837	810,415
Cash and cash equivalents end of the year		4,563,682	490,837

**PARENT COMPANY
INCOME STATEMENT
EUR**

	<u>Note</u>	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Operating income, etc.			
Other operating income	1	-	885,575
		-----	-----
		-	885,575
Operating expenses			
Other external costs	2, 3, 4	-1,285,243	-17,952,107
		-----	-----
Operating loss		-1,285,243	-17,066,532
Result from financial investments			
Interest income and similar items	6	2,294,786	1,292,673
Interest expenses and similar items	7	-2,628,999	-1,272,055
		-----	-----
Loss after financial items		-1,619,457	-17,045,914
Appropriations			
<i>Result before tax</i>		-1,619,457	-17,045,914
		-----	-----
Tax on result for the year		-	-
		-----	-----
NET RESULT FOR THE YEAR		-1,619,457	-17,045,914
		-----	-----

**PARENT COMPANY
BALANCE SHEET
EUR**

	Note	12/31/2018	12/31/2017
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	10	16,506,262	16,506,262
Receivables from Group companies	11	30,146,011	17,506,024
		-----	-----
		46,652,273	34,012,285
Total fixed assets		46,652,273	34,012,285
Current assets			
Current receivables			
Other receivables		224,289	-
Prepaid expenses and accrued income	12	81,635	286,444
		-----	-----
		305,923	286,444
Cash and bank balances		3,846,903	104,197
Total current assets		4,152,826	390,641
TOTAL ASSETS		----- 50,805,099	----- 34,402,926

**PARENT COMPANY
BALANCE SHEET
EUR**

	Note	12/31/2018	12/31/2017
EQUITY AND LIABILITIES			
Equity	13		
Restricted equity			
Share capital	13	3,646,109	3,091,846
		-----	-----
		3,646,109	3,091,846
Non-restricted equity			
Share premium reserve		75,565,579	62,775,660
Loss carried forward		-43,332,250	-26,286,336
Result for the year		-1,619,457	-17,045,914
		-----	-----
		30,613,871	19,443,410
Total equity		34,259,980	22,535,256
Long-term liabilities			
Liabilities to other lenders	14	5,101,709	2,537,419
		-----	-----
<i>Total Long-term liabilities</i>		5,101,709	2,537,419
Current liabilities			
Liabilities to other lenders	14	9,132,331	7,776,290
Accounts payable - trade		124,387	40,057
Liabilities to Group companies		977,199	1,406,892
Accrued expenses and deferred income	15	1,209,493	107,013
		-----	-----
<i>Total current liabilities</i>		11,443,410	9,330,252
TOTAL EQUITY AND LIABILITIES		50,805,099	34,402,926
		-----	-----

**PARENT COMPANY
CASH FLOW STATEMENT
EUR**

	<u>Note</u>	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Operating activities			
Operating loss		-1,285,243	-17,066,532
Adjustments for items excluded from cash flow statement	19	30,819	17,504,000
		-1,254,424	437,468
Interest received		3,924	6,008
Interest paid		-1,497,855	-449,350
Cash flow from operating activities before changes in working capital		-2,748,355	-5,875
Cash flow from changes in working capital			
(Increase)/Decrease in receivables		-10,678,074	-7,223,382
Increase/(Decrease) in liabilities		757,117	313,840
Cash flow from operating activities		-12,669,313	-6,915,418
Financing activities			
New share issue	13	12,820,313	3,833,197
Cost of new share issue		-346,115	-186,943
Change in loans	13	3,937,821	3,118,155
Cash flow from financing activities		16,412,019	6,764,409
Net change in cash and cash equivalents		3,742,707	-151,009
Cash and cash equivalents beginning of the year		104,197	255,205
Cash and cash equivalents end of the year		3,846,903	104,197

NOTES AND DISCLOSURES

Accounting principles

General information

The annual report and the consolidated accounts are in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and Consolidated reports (K3).

The Parent company applies the same accounting principles as the Group, if not otherwise indicated. The accounting principles remain unchanged as compared to previous year.

Estimates and judgments

The preparation of these financial statements and the application of accounting policies, has been based on assessments, estimates and assumptions that are considered to be reasonable at the time the assessments are made. These estimates are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The results of these are used to assess the carrying values of assets and liabilities, which are not otherwise apparent from other sources. The actual outcome may differ from these estimates. Estimates and assumptions are reviewed regularly.

Management has assessed the application of accounting principles and identified sources of uncertainty in estimates, principally related to the value of Intangible assets and the future revenue streams likely to be generated by sales of licenses and professional services. In arriving at these assessments Management has assessed carefully a number of potential transformational agreements under negotiation, independent valuations of the Group patent portfolio, as well as transactions involving similar companies. The nature and timing of these agreements remains subject to uncertainty. The forecasts of future cash flows are based on Managements best estimates of future revenues and expenses. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, available technology, business volumes, margins and cost effectiveness. Changes to any of these or other key parameters can have an effect on the forecasted cash flows and the company's ability to support the book value of goodwill and/or shares held in subsidiaries. Under current market conditions no such adverse changes are anticipated, but may do so in subsequent periods. The management considers that sufficient funds will be available to support the ongoing development of the solutions and the continuing sales cycles to fund the business.

Consolidated accounts

The consolidated financial statements, formed by the parent company and all subsidiaries, cover all the operations until 31 December 2018. Subsidiaries are all companies in which the Group has the power to govern the financial and operating policies as well as to obtain benefits. The Group achieves and exercises control by holding the majority of votes. All subsidiaries reporting date is the 31st of December and apply the parent company's valuation principles.

The consolidated financial statements are presented in Euros which is also the parent company's reporting currency.

The results of the subsidiaries acquired or disposed during the year are recognized from the date of acquisition to the date of the disposal, as appropriate.

All the amounts recognized in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the Group's accounting policies.

The Group applies the acquisition method of accounting for business combinations, which means that the carrying value of the parent company's shares in Group companies are eliminated by offset against the subsidiary's equity at acquisition.

Translation of foreign subsidiaries' income statements and balance sheets

The Euro is the reporting currency of the Group as well as for the parent company. The current method is utilized to translate foreign subsidiaries' income statements and balance sheets. All assets and liabilities in the subsidiaries' balance sheets are thereby calculated using the closing day rate, and all items on the income statement at the average annual exchange rate.

Valuation principle

Assets, provisions and liabilities are valued at cost unless otherwise noted below.

Fixed assets

Tangible and intangible fixed assets are initially recognised at cost and subsequently at cost less depreciation and impairment. These assets are amortized over their useful lives which has been assessed as follows:

Goodwill	10 years
Capitalized expenditure for software development	5 years
Other intangible assets	5 years
Equipment, furniture and fittings	5 years

Management believes that the useful economic life for goodwill of ten years is the most appropriate due to the nature of the market where the Group operates in.

Financial assets

Shares in subsidiaries are measured at cost, less any subsequent impairment. Holding in subsidiaries are tested annually for impairment.

Goodwill

The yearly goodwill impairment test has been performed. The starting point for the analysis is the estimated future cash flows for the next five fiscal years. The current forecast for the next two years is used as a basis. Significant assumptions applied include the growth in net sales, operating margin, and investment and capital requirements. In order to extrapolate the cash flows outside the first three years, a growth rate is applied. The weighted average cost of capital used to discount the cash flows reflects the anticipated risk associated with the business plan and the Groups actual cost of borrowing. No impairment requirement were identified from the impairment test.

The forecasts of future cash flows are based on managements best estimates of future revenues and expenses. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these or other key parameters can have an adverse effect on the forecasted cash flows and the company's ability to support the book value of goodwill and/or shares held in subsidiaries. Under current market conditions no such adverse changes are anticipated, but may do so in subsequent periods.

Receivables

Receivables are accounted for at the amount expected to be received.

Translation and transaction

Sales and purchases in foreign currencies are recorded at the transaction date's spot rate. Any losses or gains (transaction differences) that arises on payment is recorded in the income statement. Outstanding receivables and liabilities in foreign currencies at the balance sheet date are translated to the balance sheet day rate and translation differences are accounted for in the income statement.

Taxation

Taxation consists of current and deferred taxation. Current taxation is income tax that is to be paid or received related to the financial period. Deferred tax refers to temporary timing differences in tax assets and liabilities that will be paid in the future. There are no substantial deferred tax liabilities and tax receivables. Deferred tax receivables are recognised only to the extent that they are expected to be recovered within foreseeable future. No deferred tax receivables have been accounted for.

The Parent Company and the Group have chosen not to capitalize deferred tax on tax losses.

Capitalized expenditure for software development

Development projects that are considered to be of significant value for the company are accounted for as an intangible asset on the balance sheet. An intangible asset for development is recognized when it is technically feasible to complete the asset for use or sale, it is likely that it will generate future economic benefits and the expenditure attributable to the asset can be measured reliably. The assets are measured at cost less any subsequent depreciations and impairment. The assets are tested for impairment annually. The assets are impaired if their carried value exceeds the recoverable amount, which is the higher of value in use and fair value less cost to sell.

Revenue recognition

Revenues related to software licenses, hosting and support are being recognized on a linear basis over the life of the contract. Professional Services revenue is recognized the later of; as delivered, or ratably over the life of the agreement depending on the nature of the agreement with the customer.

Definition of key figures

Equity ratio = Adjusted equity as a percentage of total assets.

Notes**Note 1 - Net sales per source and other operating income**

	The Group		Parent company	
	2018	2017	2018	2017
Mainly Europe	3,382,412	3,130,168	-	-
USA	1,006,718	1,820,350	-	-
Total Net Sales	4,389,131	4,950,518	-	-
Other operating income	516,511	1,234,417	-	885,575

Artificial Solutions Iberia has received confirmation that its application for a tax credit in respect of R+D in accordance with the Spanish law "Ley del Impuesto de Sociedades, art. 35", had been successful for the fiscal year 2017. The company will request for the tax refund of €516k, which the company expects to receive during 2019.

Due to the nature of the R+D work undertaken and the requirements necessary for a successful application, no accrual has been made in respect of potential tax refunds for the fiscal year 2018, however it does remain a possibility that such a claim will succeed.

Note 2 - Leasing commitments

During 2018 the Group's payments due to leasing commitments amounts to EUR 530K (2017 EUR 451K).

There were no payments for leasing commitments in the parent company.

Future minimum lease payments amount to:	The Group		Parent company	
	2018	2017	2018	2017
- within one year	138,226	154,261	-	-
- later then one year but within five years	12,956	23,138	-	-
- later then five year	-	-	-	-
Total	151,182	177,399	-	-

Note 3 - Disclosure of audit fee and cost reimbursements

	The Group		Parent company	
	2018	2017	2018	2017
Grant Thornton				
Audit engagement	75,965	67,096	8,180	8,180
Audit work in addition to audit engagement	-	-	-	-
Tax consultancy	2,628	-	2,628	-
Other services	148,844	1,000	148,844	-
Others				
Audit engagement	2,000	2,000	-	-
Audit work in addition to audit engagement	-	-	-	-
Tax consultancy	-	-	-	-
Other services	-	-	-	-
Total	229,436	70,096	159,652	8,180

Note 4 - Transaction costs

	The Group		Parent company	
	2018	2017	2018	2017
Transaction costs	815,553	-	815,553	-
Total	815,553	-	815,553	-

In 2018 the company has incurred in professional advice related to the Transaction (see Note 18) for an amount of EUR 816k.

Note 5 - Average number of employees, salaries, other remunerations and social security charges

Average no. Of employees	2018		2017	
	No. of employees	Whereof men	No. of employees	Whereof men
Parent company				
Artificial Solutions Holding ASH AB	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries				
Sweden	16	55%	11	67%
Germany	5	80%	5	95%
Spain	44	54%	42	53%
Italy	1	0%	1	0%
Great Britain	28	74%	27	71%
Netherlands	3	100%	5	100%
United States of America	14	33%	11	52%
Total in subsidiaries	111	58%	102	63%
GROUP TOTAL	111	58%	102	63%

Salaries, remunerations, etc...	2018		2017	
	Salaries and other remunerations	Soc. costs (of which pensions)	Salaries and other remunerations	Soc. costs (of which pensions)
Parent company	-	-	-	-
Subsidiaries	8,220,036	1,682,216 (534,276)	7,481,300	1,613,482 (498,309)
Group total	8,220,036	1,682,216 (534,276)	7,481,300	1,613,482 (498,309)

Out of total personnel costs in 2018 EUR 809k (2017 EUR 585k) have been capitalized as development expenditure.

Salaries and other remunerations allocated by country and split between board members & management and other employees.	2018		2017	
	The board and managing director (of which bonus, etc...)	Other employees (of which bonus, etc...)	The board and managing director (of which bonus, etc...)	Other employees (of which bonus, etc...)
Parent company				
Artificial Solutions Holding ASH AB	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries in Sweden	294,567	598,522	272,369	423,114
Foreign Subsidiaries				
Spain	-	1,996,546	-	1,849,802
Germany	-	548,040	-	453,526
Great Britain	1,301,943	1,585,900	1,191,969	1,505,921
France	-	-	-	-
Netherlands	-	254,436	-	365,612
United States of America	-	1,447,617	-	1,282,824
Italy	-	192,466	-	136,162
Total in subsidiaries	1,596,510 (152,704)	6,623,526 (28,322)	1,464,338 (24,702)	6,016,962 (-13,326)
Group Total	1,596,510 (152,704)	6,623,526 (28,322)	1,464,338 (24,702)	6,016,962 (-13,326)

EUR 39k (2018 EUR 38k) of the Swedish subsidiary's pensions costs refers to the board and managing director. EUR 48k (2017 EUR 47k) of the British subsidiary's pensions costs refers to the board and managing director.

No severance pay has been agreed with the managing director. The senior management team is composed by nine men.

Note 6 - Interest Income and similar items

	The Group		Parent company	
	2018	2017	2018	2017
Interest income	8,139	6,976	2 290 861	1,286,665
Exchange rate gains	358,003	441,920	3 924	6,008
Total	366,141	448,895	2,294,785	1,292,673

In the parent company, EUR 2,291k (2017 EUR 1,287k) of interest income and similar income statement items is income from Group companies.

Note 7 - Interest Expense and similar items

	The Group		Parent company	
	2018	2017	2018	2017
Interest expenses	2,512,694	1,225,998	2 558 180	1,255,076
Exchange rate losses	510,522	714,615	70 819	16,978
Total	3,023,216	1,940,614	2,628,999	1,272,055

In the parent company, EUR 49k (2017 EUR 31k) of interest expense and similar expense statement items is expense from Group companies. EUR 2,509k (2017 EUR 1,198k) of interest expense and similar expense statement items is mainly expense from private borrowers.

Note 8 - Intangible fixed assets

	The Group	
Licenses & IP rights	2018	2017
Acquisition value b/f	2,108,606	2,102,656
Purchases	-	6,230
Disposals	-9,710	-
Exchange rate adjustments	-367	-279
Accumulated acquisition values c/f	2,098,529	2,108,606
Amortisation b/f	-1,939,988	-1,935,130
Charge for the year	-4,028	-5,138
Disposals	9,710	-
Exchange rate adjustments	367	279
Accumulated amortisation c/f	-1,933,939	-1,939,988
Residual value acc. to plan c/f	164,590	168,618

	The Group	
Capitalized expenditure for development	2018	2017
Acquisition value b/f	9,931,173	9,055,481
Purchases	1,243,751	875,692
Disposals	-	-
Accumulated acquisition values c/f	11,174,924	9,931,173
Amortisation b/f	-6,993,207	-5,743,075
Charge for the year	-1,476,429	-1,250,133
Disposals	-	-
Accumulated amortisation c/f	-8,469,636	-6,993,207
Residual value acc. to plan c/f	2,705,288	2,937,966

	The Group	
Goodwill	2018	2017
Acquisition value b/f	13,144,627	13,144,627
Purchases	-	-
Disposals	-	-
Accumulated acquisition values c/f	13,144,627	13,144,627
Amortisation b/f	-12,377,857	-11,063,394
Charge for the year	-766,770	-1,314,463
Disposals	-	-
Accumulated amortisation c/f	-13,144,627	-12,377,857
Residual value acc. to plan c/f	-	766,770
Net book value intangible assets	2,869,878	3,873,354

The acquisition of Artificial Solutions BV in 2008 and the calculation of goodwill was based on the following components:

Purchase consideration:

- Cash payment	1,500,000
- Value of issued shares	11,361,111
Total purchase consideration	12,861,111
Fair value of net liabilities acquired	283,516
Goodwill	13,144,627

Note 9 - Equipment, furniture and fittings

	The Group		Parent company	
	2018	2017	2018	2017
Acquisition value b/f	596,792	566,589	-	-
Purchases	25,370	62,785	-	-
Disposals	-15,555	-19,664	-	-
Exchange rate adjustments	-15,482	-12,917	-	-
Accumulated acquisition values c/f	591,125	596,792	-	-
Depreciation b/f	-369,828	-326,801	-	-
Depreciation for the year	-72,847	-71,632	-	-
Disposals	11,771	18,737	-	-
Exchange rate adjustments	13,581	9,868	-	-
Accumulated depreciation c/f	-417,324	-369,828	-	-
Net book value carried forward	173,801	226,964	-	-

Note 10 - Participations in subsidiaries

The company's name	Corp. ID No.	Domicile	Equity	Profit/-loss this year
Artificial Solutions B.V.	34162309	Netherlands	-2,461,914	-1,714,417
Artificial Solutions (Netherlands) B.V.	52079155	Netherlands	16,301	-3,071
Artificial Solutions Scandinavia AB	556256-4657	Sweden	39,880	-301,804
Artificial Solutions Iberia SL	B62059068	Spain	554,218	-6,001,008
Artificial Solutions Germany GmbH	HRB162917	Germany	35,291	-952,779
Artificial Solutions France SAS	499228955RCS	France	-856,536	-20,054
Artificial Solutions UK Limited	06200470	Great Britain	-8,816,554	-1,881,772
Artificial Solutions Italia S.R.L.	09663760016	Italy	201,141	53,713
Artificial Solutions Inc	98-1119596	United States	-2,511,810	-1,085,201

Company's name	No. of participations	Share of equity %	Book value
Artificial Solutions B.V.	200	100%	16,506,262
Artificial Solutions (Netherlands) B.V.	18,000	100%	
Artificial Solutions Scandinavia AB	1,000	100%	
Artificial Solutions Iberia SL	500	100%	
Artificial Solutions Germany GmbH	1	100%	
Artificial Solutions France SAS	3,700	100%	
Artificial Solutions UK Limited	1,000	100%	
Artificial Solutions Italia S.R.L.	1	100%	
Artificial Solutions Inc	1,000	100%	
			16,506,262

In 2018, Artificial Solutions B.V. has made unconditional shareholders contribution of EUR 953,000 to Artificial Solutions Germany GmbH, EUR 6,152,500 to Artificial Solutions Iberia SL, and conditional shareholders contribution of EUR 298,396 to Artificial Solutions Scandinavia AB.

In 2017, Artificial Solutions B.V. has made unconditional shareholders contribution of EUR 428,000 to Artificial Solutions Germany GmbH, EUR 6,067,500 to Artificial Solutions Iberia SL, and conditional shareholders contribution of EUR 193,625 to Artificial Solutions Scandinavia AB.

Note 11 - Receivables from Group companies

	Parent company	
	2018	2017
Accumulated acquisition value		
Accumulated cost b/f	60,348,957	51,693,239
Additional receivables	12,639,987	8,655,717
Settlement of receivables	-	-
Reclassifications	-	-
Accumulated cost c/f	72,988,944	60,348,957
Accumulated impairment losses		
Accumulated write-downs b/f	-42,842,933	-25,338,933
Settlement of receivables	-	-
Reclassifications	-	-
Reversal of write-downs during the year	-	-
Write-downs during the year	-	-17,504,000
Accumulated write downs c/f	-42,842,933	-42,842,933
Net book value carried forward	30,146,011	17,506,024

The Board has considered the value of Inter-company Loans. Whilst the Board remains confident that all balances will be repaid, the estimated value of future cash flows could vary very considerably depending upon the assumptions used. In 2017, the Board decided to make a provision for writing down Inter Company Loans of EUR 17,504,000.

Note 12 - Prepaid expenses and accrued income

	The Group		Parent company	
	2018	2017	2018	2017
Prepaid rent	32,416	15,660	-	-
Accrued interests	81,635	285,441	81,635	285,441
Other items	355,648	281,477	-	999
Total	469,698	582,578	81,635	286,440

Note 13 - Change in equity**Proposal for the treatment of the unappropriated earnings****The Group**

The Group's non-restricted equity amounts to EUR -12,073k of which EUR -14,238k are loss for the current year.

The parent company

The following are available for appropriation at the annual general meeting

	2018
Share premium reserve	75,565,579
Loss carried forward	-43,332,250
Result for the year	-1,619,457
	<u>30,613,871</u>
The board proposes that	
the following be carried forward	30,613,871
	<u>30,613,871</u>

The Group	Share capital	Restricted reserves	Sum share capital
Amount brought forward	3,091,846	-	3,091,846
New issue of shares	554,263	-	554,263
Balance carried forward	3,646,109	-	3,646,109

The Group	Non-restricted reserves	Net profit/ loss for the year	Sum non restricted capital	Total equity
Amount brought forward	-10,618,102	-	-10,618,102	-7,526,256
New issue of shares	12,789,919	-	12,789,919	13,344,182
Translation differences	-6,772	-	-6,772	-6,772
Net loss for the year	-	-14,237,758	-14,237,758	-14,237,758
Balance carried forward	2,165,044	-14,237,758	-12,072,714	-8,426,605

Parent company	Share capital	Restricted reserves	Sum restricted capital
Amount brought forward	3,091,846	-	3,091,846
New issue of shares	554,263	-	554,263
Balance carried forward	3,646,109	-	3,646,109

Parent company	Non-restricted reserve	Loss carried forward	Net profit/ loss for the year	Total equity
Amount brought forward	62,775,660	-43,332,250	-	22,535,256
New issue of shares	12,789,919	-	-	13,344,182
Net result for the year	-	-	-1,619,457	-1,619,457
Balance carried forward	75,565,579	-43,332,250	-1,619,457	34,259,980

Share Capital formed by 3,646,109 shares with a quota value of EUR 1, of which 111,283 are Common Shares and 3,534,826 are Preference Shares.

Note 14 - Borrowings

	The Group		Parent company	
	2018	2017	2018	2017
Long-term liabilities				
Liabilities to other lenders	5,101,709	2,537,419	5,101,709	2,537,419
Total	5,101,709	2,537,419	5,101,709	2,537,419
Current Liabilities				
Liabilities to other lenders	9,132,331	7,776,290	9,132,331	7,776,290
Total	9,132,331	7,776,290	9,132,331	7,776,290
Grand total interest bearing liabilities	14,234,040	10,313,708	14,234,040	10,313,708

Maturity

Long-term liabilities maturity date is between one to five years after the balance sheet date.

Note 15 - Accrued expenses and deferred income

	The Group		Parent company	
	2018	2017	2018	2017
Accrued compensations incl. social charges	1,401,440	1,272,417	-	-
Accrued credit notes	-	-	-	-
Deferred income	1,027,416	1,362,901	-	-
Other items	1,436,998	483,339	1,209,493	107,013
Total	3,865,854	3,118,657	1,209,493	107,013

In the Parent Company, EUR 575k of other items accrued are professional advice related to the Transaction (see Note 18).

Note 16 - Pledged assets and Warrants

Pledged Assets	The Group		Parent company	
	2018	2017	2018	2017
Cash and cash equivalents	633,848	660,316	243,788	253,968
Chattel mortgages	4,728,496	4,882,568	2,603,999	2,486,101
Other liabilities (customer receivables)	-	-	-	-
Total	5,362,343	5,542,884	2,847,786	2,740,069

The company reported as "Cash and cash equivalents" in 2017 annual report EUR 254k, whereas the correct figure that should have been reported is EUR 660k.

The assets pledged are in respect of security for Loans provided to Artificial Solutions ASH AB Group.

On 17th of July 2017 the company issued 17,778 warrants subscribed by a financial entity. During the period of 2017-2027 each entitles the right to subscribe one new Preference C share at the price of 27 Euro per share or in case of new shares issued which rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share.

On 24th of June of 2015, the company issued 23,007 warrants subscribed by a financial entity. During the period of 2015-2025 each warrant entitles the right to subscribe one new Preference C share at the price of 40 Euro per share or in case of new shares issued which rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. On 29th of June of 2016 it was agreed to change the subscription price for the warrants issued on 24th June of 2015 to 24 Euro per share, and issue additional 10,831 warrants on the same terms of the previous warrants.

On 29th February 2012 the company registered 32,520 Warrants of which 16,261 have been subscribed by two financial entities. During the period of 2012-2022 each warrant entitles the right to subscribe one new Preference B share at the price of 18 Euro per share or in case of new shares issued which rank with more seniority than B shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. If all warrants are exercised the number of shares will increase by 32,520 and the equity contribution will be 585,360 EUR.

Contingent liabilities	The Group		Parent company	
	2018	2017	2018	2017
Contingent liabilities	None	None	None	None

Note 17 - Related parties

Related parties are those individuals and entities who can exercise a controlling or significant influence over the Group. The owners, subsidiaries and associates, senior management and the board of directors have been identified as related parties to the Group. The following transactions were carried out with related parties.

	Sales		Purchases	
	2018	2017	2018	2017
Management shareholders	-	-	43,989	85,093

The Group has the following outstanding balances with related parties as of year-end.

	Receivables		Liabilities	
	2018	2017	2018	2017
Management shareholders(*)	411,221	394,346	-	18,592

Sales of services and goods between related parties are negotiated based on the arms-length principle. See also note 5 for disclosure about key management compensation.

Note 18 - Post balance sheet date transactions and events

On the 28th January 2019, Artificial Solutions Holding ASH AB ("Artificial Solutions") and Indentive AB (Nasdaq First North: INDEN B) jointly announced that Indentive has entered into an agreement to acquire the shares in Artificial Solutions by an issue in kind (the "Transaction"), resulting in a new entity, Artificial Solutions International AB, with first day of trading on Nasdaq First North to be expected on 12 March 2019. The Transaction is subject to approval by the Indentive Annual General Meeting to be held on 28 February 2019.

Following completion of the Transaction, the shareholders of Artificial Solutions will hold approximately 97.75 per cent of the shares and votes in Indentive and the current shareholders of Indentive will hold approximately 2.25 per cent of the shares and votes in Indentive.

In the event the transaction is approved by the Indentive Shareholders, Artificial Solutions will be acquired and paid by the issue of new Indentive shares. Based on the closing price of the Indentive share on 25 January 2019 of SEK 1.238 per share, the Indentive shares to be issued are valued at approximately SEK 798,995,321.

Due to the Transaction, a new listing process for the new entity on Nasdaq First North is necessary and the Indentive share will be listed on the observation list until Nasdaq has approved the listing of the new entity on Nasdaq First North. The first day of trading on Nasdaq First North is expected to be 12 March 2019.

In February 2019 the Company entered into a new Bridge Loan Facility in the sum of EUR 300k. The Loan attracts an arrangement fee of 10% and is repayable on or before 31 March 2020 and attracts interest at a rate of 12% per annum.

In February 2019 the Company entered into a Loan facility for EUR 6.95m. In the event the full value of the Loan is drawn down, a commitment fee of 7% is payable. The Loan is repayable on 30 June 2020 and will attract interest at 12% per annum on the balance of the Loan that is drawn down.

In February 2019, Artificial Solutions incorporated a new subsidiary based in Singapore Artificial Solutions pte ltd. this is a wholly owned subsidiary, initially with two employees who will sell and support customers and prospects in the Asia Pacific region.

In February 2018 the Company agreed to provide a Loan facility to Indentive Vardepapper AB of €700k the facility will be drawn down as required, it is subject to a 7% arrangement fee and interest on the amount drawn down at 12% per annum. The amount of the debt is repayable immediately

Note 19 - Adjustments for items excluded from cash flow statement, etc.

	The Group		Parent company	
	2018	2017	2018	2017
Translation differences	-6,772	317,261	-	-
Companies liquidation	-	-	-	-
Impairment of intercompany transactions	-	-	-	17,504,000
Other items	36,511	3,049	30,819	-
	29,738	320,310	30 819	17 504 000

STOCKHOLM 2019-

Lawrence Flynn
Managing Director

Johan A Gustafsson
Board Member

Sofia von Scheele
Board Member

Fredrik Oweson
Chairman

William Cornei Weiss
Board Member

Our auditor's report was submitted on 2019- -
Grant Thornton Sweden AB

Carl Johan Regell
Auditor