

ANNUAL REPORT 2021



ARTIFICIAL
SOLUTIONS

WE POWER
INTELLIGENT
CONVERSATIONS
AT A GLOBAL SCALE



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CREATING CONVERSATIONAL CUSTOMER EXPERIENCES

Artificial Solutions powers intelligent conversations at a global scale. With the most extensive language catalogue in the market, now with 86 languages covering around 40% of the world's population.

Our Conversational AI (CAI) development platform, Teneo, is delivered as a Cloud based SaaS service to some of the world's leading brands global businesses. Swisscom uses the technology to power millions of conversations on their TV box and in the call center, Telefonica Germany is replacing their IVR (Interactive Voice Response) with a Natural Language bot operator and Škoda, part of Volkswagen Group, sells cars, financing and converts leads to test drives. Our customers drive the largest deployments on the market as measured by the number of —API calls to our platform which also corresponds to the largest number of conversations.

Customers see great effects in using our software. For example, Škoda has increased their key metrics by 400%, and Swisscom has increased their transactional NPS (Net Promoter Score) by 18 points. By making conversations a part of every software developer's toolkit, Artificial Solutions is enabling innovators across every industry — from emerging leaders to the world's largest organizations — to reinvent how companies engage in conversations with their customers.

Artificial Solutions has invested significant amounts in R&D and in patenting its unique technology in Natural Language Interaction (NLI) and Natural Language Processing (NLP) technologies in recent years.

An updated intellectual property valuation analysis by OxFirst Ltd. shows that the valuation has risen to over 1.6 billion SEK, up from 1.4 billion SEK in 2019.

Artificial Solutions has significantly more forward citations than the average peer in Software (305 vs. 33). Forward citations indicate that newer patents acknowledge the importance of a foundational patent in the space.

Our patents, cited by Apple, Nuance, Google and IBM, are key components within Artificial Solutions platform, Teneo to develop bots and conversational IVR's. Our customers can add Teneo to any existing Conversational AI development to reuse knowledge, connect different technologies, scale small projects, and expand their functionality or languages. In combination with our partner Microsoft, we offer customers a solution that integrates LUIS and runs in Microsoft Azure making the Patent protection for our clients even greater. LUIS^Teneo is the safe choice for any customer that wants to ensure the software they run does not expose them to litigation.

“Our technology is used by world leading companies to create the best customer experiences possible in a plethora of languages. We power the largest multilingual Conversational AI-projects in Europe and our clients achieve outstanding customer loyalty scores with higher levels of automation than what they originally thought was possible.”

Per Ottosson
CEO of Artificial Solutions



LETTER OF THE CEO PER OTTOSSON

Dear shareholders, colleagues, customers, and partners:

In 2021, we delivered 45M SEK in adjusted revenues, renewed with ten customers, and signed seven new customers. Artificial Solutions recorded a growth in our **revenue** with 17% (Adjusted Recurring Revenues) and 25% of our revenues comes from our new revenue model. This number is expected to grow as we add more customers to the SaaS model and as they are ramping up on API call volumes.

For a **SaaS** company, the recurring revenues are key, and it is therefore satisfying to see that our adjusted recurring revenues in the fourth quarter YoY accounted for 90% of total sales, grew by 17% and by 8% on a rolling twelvemonth basis. To summarize, we are executing on our strategy and are experiencing real sales growth. We will continue to focus on growing even faster in 2022.

We have laid the foundation for the **sales motion** aligned to our SaaS (Software as a Service) model and ready to scale under the helm of our Chief Revenue Officer, Nicolas Köllerstedt, who joined us from Snowflake, a leading data platform SaaS company, in the third quarter.

We have regionalized sales organization and have coverage in central Europe and DACH and are working to buildout the US, northern Europe, and the UK. The sales motion is divided between direct sales and indirect **partner sales**.

One of our key partners is Microsoft. During the year, we sold cutting edge solutions together with MS, based on our product **LUIS^Teneo**, to A1 Bulgaria. Scania also extended its relationship with us, and Circle K signed an extension with us and went on stage with us at the London AI Summit to talk about how they will continue to rollout Teneo in new countries across their company. SelectQuote became a customer. A large Nordic retailer made the decision to roll out our technology across all brands and businesses. And two of the large new customers signed in the second quarter went live three months before schedule thanks to the new scalable SaaS platform. A large North American Tech company signed an agreement to elevate its customer support.

Artificial Solutions will be leveraging the solid partnership we have with Microsoft and through joint partners like CGI and CSG and we are targeting a focused set of prospects across regions. All services are delivered by our partners or built by the customers themselves. As a partner of Microsoft, we share Microsoft's global vision to empower every person and every organization on the planet to achieve more. In 2021 our partnership deepened as we joined the **Microsoft partner pledge**. Together, we strive, wherever possible to ensure we are an ambassador of digital skills, building AI in a responsible and ethical way, consistent with AI design principles, ensure we are focused on sustainability and reducing our carbon footprint through the use of Microsoft cloud and endeavour to build a more diverse and inclusive workforce through a plan to improve inclusion, including adopting inclusive recruitment and promotion processes and practices to support the development and retention of a diverse workforce. As our focus in the US increases, we are also strengthening our direct sales team in the region with new recruits.

Our opportunity. The goal of developing Teneo, was and is, to provide a platform which empowers as many people as possible to deliver language applications. And Teneo is the most powerful platform to develop, run and enhance conversational bots for voice, text across multiple channels. Some of the world's largest conversational AI-projects are powered by Teneo.

In 2021 Artificial Solutions announced support for two additional languages, Korean and Albanian, to supporting **86 languages** in total, further expanding the company's global footprint, covering 40% of the world's population.

As the **conversational AI-market** has evolved, enterprises require open, modular, and adaptable CAI-platforms that can scale to high volumes and cater for easy enhancements as only this creates **ROI**. In 2021 we signed 17 contracts and the **customers trajectory** is to increase their usage of our solutions. The pandemic has been a catalyst for digital transformation and metaverse, a new infrastructure layer made possible through the convergence of the digital and physical worlds, combining the Internet of Things, CAI, and mixed reality, creates new opportunities for Artificial Solutions. We were built for this moment and our customers create what was unthinkable just a few years back.

Financing. We closed a 5-year loan agreement with Capital Four in December 2021 and thereby secured our long-term financing. This left us with a cash position of more than

110 MSEK, enabling us to upscale sales. We exited the year with a very strong cash position and on an accelerating growth trajectory, also on a non-adjusted basis.

Our technology **patents** are cited by Apple, Microsoft, Nuance, Google, and IBM, confirming Artificial Solutions as a leading innovator in the Conversational AI sector. An updated intellectual property valuation analysis by OxFirst Ltd. shows that the valuation has risen to over SEK 1,6 billion, up from SEK 1,4 billion in 2019.

Artificial Solutions has **significantly more forward citations than the average peer** in Software (305 vs. 33). Forward citations indicate that newer patents acknowledge the importance of a foundational patent in the space.

Security has never been more critical for our customers or society. Our delivery model with SaaS is the quickest to operate and manage, which provides a secure environment for clients. When the Log4j flaw (CVE-2021-44228), a remote code execution (RCE) vulnerability that enables hackers to execute arbitrary code and take full control of vulnerable devices, hit the news in December, Artificial Solutions set forth fast and resilient actions to remove risks of vulnerability from our clients' environments. We managed to handle this quickly for our SaaS customers, and this would not have been possible to resolve with an on-premise solution for multiples customers in such a short period of time – a clear evidence of the advantage of with SaaS vs. on-premise set-ups. **Our commitment to a sustainable future.** Artificial Solutions announced a partnership with Gavriella Schuster, to accelerate its work on inclusion and gender equality. Artificial Solutions is committed to diversity and equality and has managed to achieve a ratio of 43% women in senior positions. As we continue to grow as a business, we promise to continue to push for diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

New management and board. together with Nicolas Köllerstedt as new Chief Revenue Officer, Paloma Ramirez Diaz-Monis, Chief People Officer, joined the management team. Vesna Lindkvist, Chief Product Officer and Chief Technical Officer at Kivra, was elected to Artificial Solutions' Board of Directors.

Best,

Per Ottosson
CEO, Artificial Solutions

THE CONVERSATIONAL AI MARKET

“By 2025, the market for Artificial Intelligence (AI) software will reach almost \$134.8 billion. Over the next five years, the market growth will accelerate from 14.4% in 2021 to reach 31.1% in 2025, considerably outpacing the overall software market growth”.

Source: Gartner - Forecast Analysis:
Artificial Intelligence Software, Worldwide.
Published 20 October 2021 - ID G00741335



Conversational Artificial Intelligence (CAI) is already a commodity – in families’ living rooms, cars, and online shopping experiences. Chatbots, voice assistants, smart speakers, interactive voice recognition systems: all of these are examples of this technology. It is an area that is attracting significant investments given the increased accessibility it offers through enhanced customer experiences.

In the simplest of terms, Conversational AI can be defined as the interaction between humans and machines. It recognizes speech and text, intent, gestures, and various languages to mimic natural language or human conversation. Conversational AI solutions can complete repetitive tasks that humans usually do, saving money and time and freeing up human time to work on higher-level strategic endeavors.

According to Juniper’s research, the introduction of chatbots will save 2.5 billion customer service hours over the coming years. The customer service cost reduction across the retail, banking, and healthcare sectors is estimated to amount to \$11 billion annually by 2023.



OUR OPPORTUNITY

There has been a notable shift in the year-over-year application of CAI technologies. According to research from the Everest group, there has been a rise of [28% in the adoption of Conversational AI in customer experience from 2019](#); this includes the total of customers' perceptions and feelings about the brand, aggregating all the interaction's customers have during the relationship with the organization.

By using our software, companies can dramatically enhance their communication with their customers but also with their own staff. All this by letting people engage with the company by talking or writing, using their mother tongue and through the channel of their choice.

Today, more than ever, businesses need to have a good customer experience strategy and end-to-end automation because they know for a fact that it has proven to improve customer retention and loyalty towards the brand. Teneo has saved a lot of operational cost and time for the companies, as the platform can reduce the time to market by 60%. Our technology also provides for the possibility of self-serve queries, improved CSAT score, and a multiplied revenue.

During the past year our customers have increased their investments in us to provide the best possible customer experience and automated interactions. Why? Due to the following reasons:

1. To create loyalty and an advocacy through excellent customer experiences
2. To improve Customer Experience through actionable insights
3. To automate repetitive tasks, businesses can reduce customer support costs

The analyst firm Aberdeen's research (The CX Executive Agenda 2020) stated that [78% of the businesses surveyed are unhappy with their ability to use data during customer interactions](#). Companies are willing to shift to technologies like machine learning (ML) to drive their data management functions smoothly and enterprises using AI possess superior CX with better customer retention, customer satisfaction (3.5x), and improved customer effort score (8x). Businesses using AI capabilities have a 2.3x increase in first contact resolution rates (annually).

With these facts and figures, enterprises focus on filling the gap with the use of technology such as ours.

OUR GO TO MARKET STRATEGY

In 2021 we launched LUIS^Teneo, a SaaS-based development suite and bot engine that integrates with Microsoft LUIS to allow customers to build, scale and maintain LUIS-based bots using less resources while improving conversational bot ROI in the Microsoft Azure Cloud. With this in place, we started to set-up a sales organization to sell this SaaS-based solution.

THE TENEO PLATFORM

Developed by Artificial Solutions, Teneo is a Conversational AI platform for the enterprise that has everything businesses need to create advanced, conversational applications. Build once, deploy everywhere. Available in 86 languages, running over any channel, service, or device.

Smart AI chatbots that answer queries faster. Virtual assistants that advise users while improving the customer experience. Humanlike digital assistants that drive online sales and differentiate your product. Intelligent voice interfaces that increase employee productivity and efficiency. All this and more can be created easily with Teneo. Customers of ours benefit from an integrated development environment, a simple deployment process, a simple way to add languages, and our patented hybrid model that allows customers to build with less data. Combine this with the built-in team features and you will develop in half the time versus other solutions. And enhancing the solution is supported in the same environment enabling the solution to grow to the market leading volumes we see in our customer base.

NEW SALES ORGANIZATION TO DRIVE OUR SALES GROWTH

In 2021 our transformation was completed, and we are now a true SaaS company. Selling SaaS is a 'land and expand' motion which required a new set-up of our sales strategy and organization. To tackle this, we have regionalized the organization to cover Central Europe, DACH, Northern Europe, the UK, and the US. Our sales and marketing teams are working hard to meet and engage with new potential customers to enable us to increase the number of customers. This is important to initially drive and increase our subscription revenues from SaaS and thereafter also scale the usage of our Teneo engine.

PARTNERSHIPS ARE KEY FOR SUCCESS

We believe that Conversational AI has reached a point in terms of maturity where platform providers no longer need to own the development process. Instead, customers and system integrators can take ownership of the development and maintenance of the projects, offering more freedom and empowerment to their own teams.

Although, we have a dedicated team to offer as much support as needed to our customers and partners, we no longer need to focus on development of solutions and can dedicate our time and resources to make Teneo the best platform in the market.

As we are no longer involved in the implementation of projects, we work directly with both prospects and customers when they have internal resources to develop or along with a system integration partner when they need support implementing.

Our strategic alliance with Microsoft and strong partnerships with companies like CGI, CSG, Accenture, Cognizant, Deloitte, and EY, have brought increased focus on joint prospects across both Europe and the US. Our partners utilize our horizontal platform and add vertical knowledge and expertise to create a complete solution for our customers. All services are delivered by our partners. To support this part of our strategy, we have also reinforced our indirect sales channel by appointing a person within our sales team responsible to look after our partner sales and implementations.

CO-SELLING LUIS^TENE0 WITH MICROSOFT

Artificial Solutions has become a co-sell partner to Microsoft. This has been instrumental to convert into a SaaS company delivering value in the Microsoft ecosystem.

LUIS^Teneo is a SaaS-based development suite and bot engine that integrates with Microsoft LUIS to allow customers to build, scale and maintain LUIS-based bots using less resources while improving conversational bot ROI. Consequently, this means that the 1,700 organizations that today use Microsoft Azure and LUIS could benefit from the enhancements brought by Teneo to scale their existing solutions. LUIS^Teneo is available on the Microsoft Azure Marketplace, an online market for buying and selling cloud solutions certified to run on Azure.

THE CUSTOMERS

Our customers keep growing; not only have we added new logos but have also seen legacy customers continue to grow and scale their live projects and engage in new ones. Considering renewals and new customers, we have signed 17 contracts during 2021 and are seeing a continuous increase in their usage of our engine from their solutions.

A large Telco client went live with its solution in record time in May 2021 and exited the year on a rate of 250,000 phone calls per month being received by their Teneo-based

solution.

Our Customer Success organization has proven itself as customer feedback has been overwhelmingly positive in how we support customer and partner teams in their journeys.

THE REVENUE MODEL

Under the SaaS business and delivery model, there is a continued focus on growing our recurring revenues from our existing customers, and acquisition of and growing new customer revenues. This is the case when we do business through partners as well as when our sales team closes customer deals.

The SaaS revenue model means that revenues and cash flows will be recognized as the benefits are consumed. The revenue streams in the SaaS model consists of the categories:

1. Subscription revenues from **Teneo Studio** – based on number of users.
2. API calls generated in **Teneo Engine** – based on number of API calls.
3. **Teneo Data** – analytics platform to review users' conversations and enhance the conversational AI solutions. Revenues based on ingested data.

From these, the key revenue streams are subscription revenues (#1) from seats to develop on our Teneo platform and the API call revenues (#2) from end users generating traffic in our Teneo engine. The three first revenues (#1-3) above represent recurring SaaS revenues, which are part of our total recurring revenues and our SaaS ARR metric. The remaining revenues is related to expert services, which is not a focus for our strategy.

When a new customer joins as a SaaS customer, the company initially receives revenue from #1 in the form of subscription fees and over time, as different solutions from a customer are deployed, the API call volumes increases. It normally takes 6 to 18 months for a customer to scale the API call volumes and the revenues. A customer can also expand the number of use cases as well as the number of markets covered. For a large customer, with significant API call volumes, the API call revenues will in many cases exceed the subscription revenues by far. This clearly highlights the scalability in our business and revenue model that we are addressing our customers and the market with.

PROVIDING REAL VALUE FOR OUR CUSTOMERS & PARTNERS

TELEFÓNICA

Telefónica is one of the largest telecommunication and mobile network providers in the world. The organisation provides fixed and mobile telephony, broadband and subscription services across Europe and the Americas.

The company takes a regional approach to its global operations, with key territories catered by localized branches that can offer highly bespoke and quality services in local languages as well as effective marketing and sales messages.

Telefónica Germany became a customer during 2021 and it is currently utilizing LUIS^Teneo together with Microsoft Azure to streamline and improve the performance of its contact centres. The voicebot solution is able to understand voice queries and respond with accuracy and independence, resulting in reduced wait times for Telefónica's customers.

During a conversation, the voicebot can also determine whether a user requires further support from a relevant Customer Agent or if the request can already be solved by offering further information by providing a link to FAQ resources. The service is available in German at the moment. Telefónica plans to expand the solution to further languages in the near future, e.g., for Turkish-speaking customers in Germany.

Artificial Solutions and Telefónica Germany, together with further IT providers, successfully implemented the Conversational AI solution in short time.

The project was completed at a record pace and the solution has already yielded significant improvements when a subset of calls was fielded by the SaaS solution. It took less than 6 months to integrate Teneo in the architecture of Telefónica, leveraging the already existing investments in other coherent technology infrastructures.

GRAPE TREE

With over 20 years of experience, GrapeTree is a 24/7 healthcare staffing agency that offers staffing solutions to healthcare facilities in the U.S. They became an Artificial Solutions' client during 2021 and have recently launched their first CAI solutions built with Teneo.

GrapeTree's solution helps to support the online job applications and interview processes that candidates experience while interacting with the GrapeTree portal.

The virtual assistant's goal is to reduce the volume of candidate drop out as they move through the online interview process, many of whom do so due to a lack of guidance and information.

The assistant is also on hand to provide information to candidates before key interview steps, helping to prepare individuals and increase the rate of successful hires.

Furthermore, key data is collected throughout the online process, allowing for informed and data-driven decisions to be made by the organization, such as streamlining and content support provision at different stages of an application being received, and an interview being processed.

CGI

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. Their 'insights driven and outcomes-based' approach allows them to help customers accelerate returns on their investments. Across 17 industries in 400 locations worldwide, their 76,000 professionals provide comprehensive, scalable, and sustainable IT and business consulting services that are informed globally and delivered locally.

Artificial Solutions and CGI started collaborating during 2020 and the partnership has continued to strengthen. What started as delivering Conversational AI within Asset Finance sector has now expanded across other verticals with joint prospects and customers in government, telco, and finance, within Europe and the U.S.

Getting started with Intelligent Virtual Assistants (IVAs) requires organisations to understand where they are on their automation journey and customer strategy. With the addition of Teneo to their portfolio, CGI enhances their portfolio with a range of services to support clients whether in the ideation phase, looking to build a strategy or use cases through to clients who have built an automation foundation but are looking to scale and optimise their experiences.

CGI brings to Artificial Solutions customer and prospects not only staffing resources but also their own portfolio of complementary technology like payment processing, OCR, or asset finance management platforms. Our partnership with CGI opens the door to otherwise hard to penetrate markets like for example the public sector.

CSG

CSG is a leader in innovative customer engagement, revenue management and payments solutions that make ordinary customer experiences extraordinary. With more than 5,000 employees in over 20 countries, CSG is the trusted technology provider for leading global brands in telecommunications, retail, financial services, and healthcare. Their solutions deliver real world outcomes to more than 900 customers in over 120 countries.

Artificial Solutions and CSG became partners in 2020 with the objective to deliver a differentiated customer experience through conversational applications by enabling companies to rapidly develop, deploy and analyse conversational applications across a variety of communications channels.

Delivering conversational AI applications that grow with your business requires a platform that is scalable, multilingual and device independent. One that can seamlessly integrate with back-end systems and third-party applications, support enterprise-level call and text volumes—but is also easy to use. Our Teneo platform fits this requirement, and therefore CSG chose it to develop Conversational AI projects for their clients.

CSG brings to Artificial Solutions customer and prospects expertise in one of the most demanded and hard to cater CAI implementations, large scale Conversational AI-powered Voice Contact Centers.

CSG expertise around contact centers and their Interactive Voice Response (IVR) technologies allow for virtually any enterprise contact center to leverage all the power of Teneo combined with CSG consulting and implementations skills, all under enterprise SLA that are paramount to power enterprise contact center infrastructure.

In 2021 our joined approach won a landmark Fortune 100 technology company, and our combined teams are actively expanding that success with a focus on the North American market.



OUR COMMITMENT TO A SUSTAINABLE FUTURE

The United Nations (UN) 2030 Agenda is a global plan to promote sustainable peace and prosperity and to protect our planet with [its 17 Sustainable Development Goals \(SDGs\)](#).

Our goal is to create shared value that is both measurable and makes a recognizable contribution. We believe that we have the responsibility to respond to environmental, social, and corporate governance issues that guarantee sustainability. As a Microsoft partner, we share the vision to empower every person and every organization on the planet to achieve more.

CLEAN ENERGY AND GREATER RESPONSIBILITY

In our climate actions, we reduce carbon footprint through our cloud-based consumption model in Microsoft Azure. Microsoft Cloud is 73-93% more energy efficient than in a traditional data center. Through our partner pledge with Microsoft, we encourage customers to utilize new tools to better monitor and manage their carbon footprint, such as Microsoft's Emissions Impact Dashboard.

Microsoft Cloud services are up to 98% more carbon efficient than traditional enterprise datacenters.

For localized deployments, Microsoft Cloud is between 79-93% more energy efficient than a traditional datacenter.

When renewable energy is taken into account, carbon emissions (kg/C02/user-year) from Azure Compute are 92-98% lower than a traditional enterprise datacenter.

Source: <https://www.microsoft.com/en-us/download/details.aspx?id=56950>

GENDER EQUALITY

In 2021, we became #ALLIES to accelerate our work on inclusion and gender equality. Artificial Solutions is committed to diversity and equality and has managed to achieve a ratio of 43% women in senior positions. As we continue to grow as a business, we will continue to push for diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

During the year, Artificial Solutions also partnered with Girls Who Code and Gavriella Schuster, former Corporate VP of Microsoft in charge of its global portfolio of channel partners to raise awareness and plan for ways to continue closing the GAP.

INDUSTRY; INNOVATION & INFRASTRUCTURE

We ensure we are building AI in a responsible and ethical way, consistent with the following design principles:

- **Fairness** – Use AI to drive efficiencies while protecting dignity and guarding against bias.
- **Accountability** – Decisions made by AI must be accountable to citizens and consumers.
- **Explainable** – AI must be explainable and understandable.
- **Ethics** – AI must assist humanity and respect rights, such as privacy.

ECONOMIC GROWTH AND A DECENT WORK ENVIRONMENT

We tend to employee demands for remote-work capabilities and ensure that their needs are met to work efficiently from home, increasing productivity and reducing workplace costs.

Artificial Solutions has applied the following processes to follow the #BeCOME framework and implement it throughout its international ecosystem:

Advocate and Elevate

We're committed to advocating and elevating the voices of women across our organization and we will work to provide educational opportunities and to promote their success at every opportunity.

Listen to Learn

Our team will make time and space to listen and learn from internal and external resources in order to maintain an understanding of our environment and of new issues that may arise in the future.

Build Confidence in Others

Our organization will work to develop and build the confidence of our global team while working to support our partners and those we work with in any capacity. We will encourage each and every individual we work with to take confidence in the work, take confidence in their concerns and take confidence in themselves.

Include Others

Inclusivity is a cornerstone of diversity and acts as a key element of our efforts to champion equity at all levels. Artificial Solutions will continuously work to include each member of our team in new projects and opportunities.

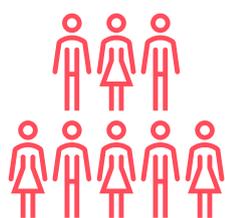
Sponsor Others

Through our work with internal and external partners, Artificial Solutions will explore opportunities to sponsor individuals and groups to support our efforts to improve diversity and equity.



OUR CULTURE & VALUES

OUR COMMITMENT – A PEOPLE-FIRST APPROACH



27 nationalities
23 languages
36% women

Our People are critical for the success of the business. Therefore, we prioritize a culture which allows our employees to be happy, healthy and to feel that their work is making a difference.

We believe in a multicultural and inclusive culture, which enables us to welcome the greatest talents from across the world. We strive to offer our people a career with great opportunities to grow, along with a healthy work-life balance. We are committed to diversity and equality and have managed to achieve a ratio of 43% women in managerial positions.

In 2021, we adhered to the “BeCOME an Ally” framework created by Gavriella Schuster. Thanks to her extensive experience in digital and tech industries we launched our Diversity Manifesto and Committee to promote diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

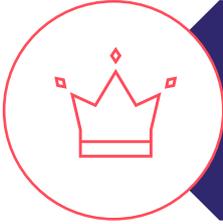
A key part of our culture is also played by our commitment to continuously improve our employee experience.

We embrace sustainability through our flexible model to empower a healthy work-life balance, understanding that one size doesn't fit all. We have adapted our way of working and although we have offices in different countries, we offer hybrid & fully remote working positions as well as a flexible work schedule.

We strive to make time both at work and outside of work more enjoyable, providing top tools & benefits to let our people do their best at work, considering all the different life stages (like parenthood – 53% of our employees) and generations (Gen Z – 7%, Millennials – 47%, Gen X – 46%).

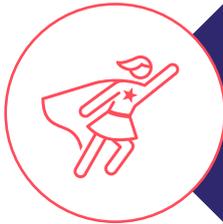
We continue our work to foster a culture that promotes and takes care of the wellbeing and mental health of our people as the only way to continue growing, innovating, and succeeding.

OUR CORPORATE VALUES



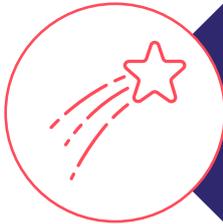
ACT AS AN OWNER

We take responsibility seriously and interpret it broadly. Artificial Solutions takes responsibility for more than ourselves and strive for inclusion, diversity, and sustainability. We adhere to ethics – AI must assist humanity and respect rights, such as privacy. We strive to create a diverse corporate culture that celebrate differences and everyone’s unique qualities.



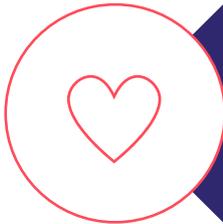
EXPECT EXCELLENCE

Every day, we strive to impress. We keep our promise to customers of being easy to work with and providing best-in-class support and outstanding service.



CUSTOMER SUCCESS IS OUR SUCCESS

We cultivate authentic relationships and follow up by actively listening to their needs. We are committed to superior quality and service. We hold ourselves accountable for what we do—and don’t do. We reach back to help someone else move forward and mentor others as part of our learning culture.



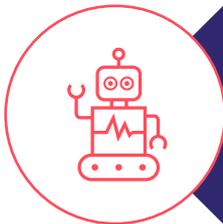
HUMAN

It's simple, be human. We are genuine & true to our own values and spirit. We are open and straightforward; we listen receptively to feedback when it's given and actively seek it when it's not. We empower people to be who they are and to openly provide input, ideas, and advice to others regardless of their role.



TEAMWORK FOR RESULTS

Our aspirations are too great to act alone. We are results-driven people, building a culture of inclusion. We are humble enough to rely on others and trustworthy enough to deliver when others count on us. We value expertise beyond our own and proactively seek ideas, support, and advice from our colleagues.



TECHNOLOGY FOR GOOD

With great power comes great responsibility and as leaders in our space, we strive to remove barriers. We strive to innovate technologies while honoring our culture, languages, and traditions. We support various industries to transform digitally and promote the sustainable development of society.

Market Disruptors: +20 Years of Firsts

WE IMPLEMENTED VIRTUAL ASSISTANTS BACK

By the beginning of the year 2001 we implemented Virtual Agents to help users navigate websites in many verticals; these systems use the conversations to request all needed information from users, fill different type of forms, send requests, purchase items, and much more.

WE WON THE LOEBNER AWARD

Back when the term chatbot was unknown to most people, and the term NLP (Natural Language Processing) was mainly used by universities and in academia, Artificial Solutions already had a technology that allowed our customers to build chatbots that were great at small talk through SMS or web chat.

2001

2006

2008

2009

WE LAUNCHED THE WORLD'S FIRST MULTILINGUAL VIRTUAL ASSISTANT

Artificial Solutions was first to launch a virtual assistant in 25 different languages, and our technology could understand and reply in multiple languages. In 2006, IKEA chose our company to launch their assistant Anna to help users navigate their website and get information about their products, in 25 different languages.

WE WERE FIRST IN AUTOMATED MULTICHANNEL CUSTOMER SERVICE

In 2009 we launched the first system to help automate and enhance multichannel customer service. With our Customer Service Optimization (CSO), customers used a virtual assistant as their main point of contact; after a short conversation the system knew how to help or what task to perform. We proved that CAI could be successfully applied to call centers and integrated with backend systems for complex tasks.

Our thought leadership is acknowledged by our roster of clients and by the world's largest software companies, including Amazon, Apple, Baidu, Google, Microsoft, Nuance, and IBM who all have made forward citations of our pioneering patents, confirming our position as a leading innovator in the conversational AI space.

We're proud of our industry firsts.

WE PIONEERED VISUAL FLOWS AND INTRODUCED A LOW CODE APPROACH

With the launch of Teneo Studio and Teneo Engine, Artificial Solutions was first to provide our clients with a highly visual and easy to understand representation of a conversation between a solution and the end-user. While our competitors were doing command and control or simply developing FAQ systems, Teneo's visual flow made it easy to graphically build dialogs with drag and drop flow elements.

WE DECIDE TO DELIVER THE PLATFORM IN A SOFTWARE AS A SERVICE MODEL

Enabling customers to deploy quicker, pay as they scale and to leverage the wealth of services in Microsoft Azure Cloud

2018

2019

2020

2021

WE OFFER THE FIRST SUSTAINABLE AND SCALABLE, END TO END, CAI PLATFORM

Artificial Solutions is the first company to offer a full platform to cover the whole lifecycle of a CAI application. With its modular structure, flexible architecture, and unique global and local languages features, Teneo is the only CAI platform that enables enterprises to reuse large sections of AI assets from one build to the next. We introduced a Hybrid model, combining Machine Learning and Linguistic Approach for development.

WE COVERED 40% OF THE WORLD'S POPULATION WITH 86 LANGUAGES

In 2021 we launched new LUIS^Teneo, a brand new product in collaboration with Microsoft, which saw the interlinking of Microsoft Azure Cognitive Services and Teneo. The new offering extended Artificial Solutions reach within the Microsoft ecosystem, solidifying our position as a market leading technology provider. Furthermore, we we increased the number of our supported languages to 86 as well as the number of connectors that integrate with Teneo, with our platform now offering 40+ connectors including: WhatsApp, Slack, Microsoft Teams, Facebook Messenger and more.

OUR PEOPLE

At Artificial Solutions, our people are our most valuable asset, central to our business success and ability to deliver on our vision, goals, and strategic priorities. As part of a hardworking and dedicated team, here is what some of our colleagues have to say about the company, our products, and their contribution to our overall success.

HOW DO YOU ENVISION THE FUTURE OF THE CAI MARKET?

I strongly believe that the CAI space will continue to expand in the coming years. As the market itself is starting to become very diverse, I think we will see more projects in the Metaverse and Web 3.0. I see Teneo being one of the pioneers on leading the market forward as the technology and product itself is fully open for these adaptations. Who knows, maybe you are greeted with a Teneo bot in the Metaverse, next time you visit it!

A MEMORABLE MOMENT WHILE WORKING AT ARTIFICIAL SOLUTIONS...

I joined this beautiful company as an intern while studying my last year in the university and I've been a part of it for over three years now. I remember how I went into my first company meeting expecting to be silent and not acknowledged by anyone. To my surprise, I was recognized by our CTO, who not only showed me respect, but also asked for my opinion around certain topics. This gave me a confidence boost and made me feel at home in this company, where everyone is welcome, no matter what title they carry; everyone is equal and welcome to express their opinion to make an impact.



Ramazan Gurbuz
CONVERSATIONAL AI DEVELOPER
Swedish and Turkish
Languages: Swedish, Turkish and English



Graziella Goia
BUSINESS ACCOUNT MANAGER
Italian
Languages: Italian, Spanish and German

WHAT'S THE BEST THING ABOUT WORKING AT ARTIFICIAL SOLUTIONS?

One of my favourite things about working for Artificial Solutions is that our technology is very adaptable and that we have a platform that our customers love. It's nice to sell something that makes people's lives easier. However, the best thing about the company is definitely that we are ONE TEAM and we all work together to satisfy our customers as much as we can.

WHY DO YOU LIKE WORKING AT ABOUT ARTIFICIAL SOLUTIONS?

I would have to give two reasons: One is being part of an international, diverse, and inclusive team within a company that provides a great life/work balance. Everyone is very committed in everything that they do, and that energy is contagious. The other is the thrill and pride of being part of a company which is a trailblazer in this industry.

WHAT DO YOU LIKE ABOUT THE CAI MARKET?

The fact that it is a very cutting-edge industry that is quickly changing and evolving. There's always something new to learn or some new use case that we haven't considered. It is amazing to see how more companies are incorporating our technology in very creative ways that will impact our daily lives.



Agustin Etman
CUSTOMER SUCCESS MANAGER
Argentinian & Spanish
Languages: English, Italian, Spanish, and Portuguese



Lina Mickelsson
CONVERSATIONAL AI LEAD
Swedish & Canadian
Languages: Swedish, English and French

WHAT'S THE TOP STRENGTH OF OUR PRODUCT AND TECHNOLOGY?

With my close to 15 years in the company, I am part of the lucky bunch who has seen Teneo on its journey from the early ideas and drawings, all the way to the powerful CAI platform that it is today. Teneo has evolved, improved, and changed over the years with numerous new features, functionalities, and interface makeovers, striving to optimize the overall experience for teams of CAI developers when developing, deploying, and optimizing their bots. But the coolest thing is that Teneo just keeps maturing and advancing; our platform is never finished! In the Products' team, we keep our eyes on the constantly evolving CAI market; we listen to feedback from our clients, users, developers, and linguists. We are always busy exploring, planning, implementing and testing the next exciting chapter in the life of Teneo!

WHAT MAKES ARTIFICIAL SOLUTIONS A GREAT PLACE TO WORK?

I really like that the company is embracing diversity and has an awareness of us as individuals with unique qualities but also needs. The possibility of mixing office work with home-based work and flexible working hours makes it easy to balance career and personal life, allowing us all to perform at our very best, meanwhile remaining motivated and inspired.

More than anything though, it is the people that makes Artificial Solutions such a great workplace! There are a lot of awesome and smart people in this company. We have an open collaboration between everyone, and the atmosphere is fun and rewarding. Every day we challenge and help each other and learn from each other, within teams and across departments.

MANAGEMENT TEAM

Artificial Solutions has an experienced and committed executive management team. The team's collective industry knowledge and leadership competence safeguards the company to successfully drive Artificial Solutions growth strategy.



Per Ottosson

Born 1970. CEO since 2020.

Education: Master's in Finance at the Stockholm School of Economics.

Experience: Member of the board of several Artificial Solutions subsidiaries. 25 years of experience from senior executive positions within the software/SaaS industry, most recently as Global CRO of IPSoft/Amelia.com.

Holdings in Artificial Solutions: 138,519 shares and 200,000 warrants 2021/2024.

Fredrik Törgren

Born 1976. CFO since 2020.

Education: Master of Business Administration, Stockholm School of Economics.

Experience: Member of the board of several Artificial Solutions subsidiaries. 20 years of experience from senior positions within the technology, M&A, VC, and software industries, most recently as Group CFO of PE-backed Inteno Group.

Holdings in Artificial Solutions: 190,000 shares, 100,000 warrants 2019/2024, 60,000 warrants 2020/2025 and 150,000 warrants 2021/2024.



Marie Angselius

Born 1970. Chief Communication & Impact Officer since 2021.

Education: Bachelor's degree in Communications, Lund University.

Experience: 20+ years of experience from leading communication roles. Most recently as Global Head of Corporate Communication at Amelia an IPSoft company and Founding Partner at Angselius Rönn AB.

Holdings in Artificial Solutions: 37,090 shares and 150,000 warrants 2021/2024.





Daniel Eriksson

Born 1976. Chief Innovation / CSO since 2020.

Education: Master of Science in Engineering Physics, Royal Institute of Technology. Masters in Business and Economics, Stockholm School of Economics.

Experience: 15 years Business Development and Technology Leadership experience with the last 7 years in the automation and conversational AI space.

Holdings in Artificial Solutions: 53,201 shares and 150,000 warrants 2021/2024.

Nicolas Köllerstedt

Born 1975. Chief Revenue Officer since 2021.

Education: University studies in Economics and International Business, Stockholm University.

Experience: 20+ years in sales and sales management. Vast experience in the SaaS and Software industry as Regional Manager EMEA North, Nordic, and Baltics. Regional Manager for four hyper-growth US-founded startups. Virtual Instruments, Hedvig, Rubrik, and most recently Nordic-Baltic Regional Director at Snowflake.

Holdings in Artificial Solutions: 150,000 warrants 2021/2024.



Andreas Wieweg

Born 1975. CTO since 2019 (employed since 2008).

Education: University studies in Computer Science & Mathematics, Stockholm University.

Experience: Andreas leads Artificial Solutions' product strategy, design, and development for the company's next generation natural language interaction platform.

Holdings in Artificial Solutions: 49,440 shares, 54,580 warrants 2019/2024, 77,500 warrants 2020/2025 and 150,000 warrants 2021/2024.

Paloma Ramirez Diaz-Monis

Born 1977. Chief People Officer since 2021.

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 working in HR, with the last 12 years in the tech industry.

Holdings in Artificial Solutions: 2,000 warrants 2020/2025 and 150,000 warrants 2021/2024.



BOARD OF DIRECTORS

According to Artificial Solutions' articles of association, the board of directors shall comprise of three to seven members, elected by the shareholders at a general meeting, with no more than three deputy members. Currently, Artificial Solutions' board of directors comprises six members including the chairman, appointed for the period until the end of the 2022 annual general meeting.

INFORMATION ABOUT THE BOARD OF DIRECTORS

The table below sets forth the board members and information of their position, year of election and whether they are independent in relation to the Company and executive management and in relation to major shareholders.

Name	Position	Elected Year	Independent in relation to the Company and the executive management	Independent in relation to major shareholders
Åsa Hedin	Chair	2019	Yes	Yes
Fredrik Oweson	Board member	2019	Yes	No
Jan Uddenfeldt	Board member	2019	Yes	Yes
Johan Ekésiöö	Board member	2019	Yes	Yes
Johan A. Gustavsson	Board member	2019	Yes	Yes
Vesna Lindkvist	Board member from June 2021	2021	Yes	Yes

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings. As set out above, certain board members and members of the executive management have financial interests in Artificial Solutions through holdings of shares and warrants. All members of the board of directors and the executive management may be contacted at the Company's address, Stureplan 15, 111 45 Stockholm.



Åsa Hedin

Born 1962. Chairman of the Board since 2019. Board member since 2019.

Education: Master of Science in Biophysics, University of Minnesota.

Experience: Chair of Tobii Dynavox AB. Board member of C-rad AB, Nolato AB, Cellavision AB, Biotage AB, and Industrifonden. +30 years in leading positions in international med tech and tech companies among others as CEO of Elekta Instrument AB and business unit EVP of Elekta Neuroscience.

Holdings in Artificial Solutions: 49,996 shares, 58,688 warrants 2019/2022 and 37,342 warrants 2020/2025.

Johan Ekesiöö

Born 1954. Board member since 2019.

Education: Master of Business Administration, Stockholm School of Economics. Master of Science, MIT Sloan School.

Experience: Chairman of the board of MetaForce AB and T&V Holding AB. Board member of Aktiebolaget Svensk Bilprovning and Talentech AS. +30 years' experience from leading senior executive positions in the IT industry, including CEO IBM Sweden.

Holdings in Artificial Solutions: 120,000 shares, 34,235 warrants 2019/2022 and 22,406 warrants 2020/2025.



Johan A. Gustavsson

Born 1963. Board member since 2019 (in Artificial Solutions Holding since 2008). Board assignments in Artificial Solutions since 2001. Co-founder of Artificial Solutions.

Education: Master of Science, Stockholm School of Economics.

Experience: Chairman of Aros Bostadsutveckling AB and Vencom Group Holding BV, as well as board memberships related to these assignments. Earlier experiences include Chairman of Hop Lun International Ltd. and Naturkompaniet AB.

Holdings in Artificial Solutions: 1,816,340 shares, privately and through companies. 34,235 warrants 2019/2022 and 22,406 warrants 2020/2025.

Fredrik Oweson

Born 1968. Board member since 2019 (in Artificial Solutions Holding since 2008). Co-founder and partner of Scope Capital.

Education: Master's Degree in Business Administration from the Stockholm School of Economics.

Experience: Over 25 years of board experience. Current boards include Scope Capital SA, Scope Capital Advisory SA, Swedish BRA Holding AB and Woffel SA.

Holdings in Artificial Solutions: 22,406 Warrants 2020/2025.



Vesna Lindkvist

Born 1976. Board member since 2021.

Education: MSc degree in computer engineering from KTH Royal Institute of Technology.

Experience: CPO/CTO at Kivra and previous experience as a Consultant Manager at Valtech Sweden and as System Director at EF Education First.

Holdings in Artificial Solutions: None.

Jan Uddenfeldt

Born 1950. Board member since 2019 (within the Group since 2015).

Education: Technology doctor in Teletransmission theory, Royal Institute of Technology. Master of Science in Electrical Engineering, Royal Institute of Technology.

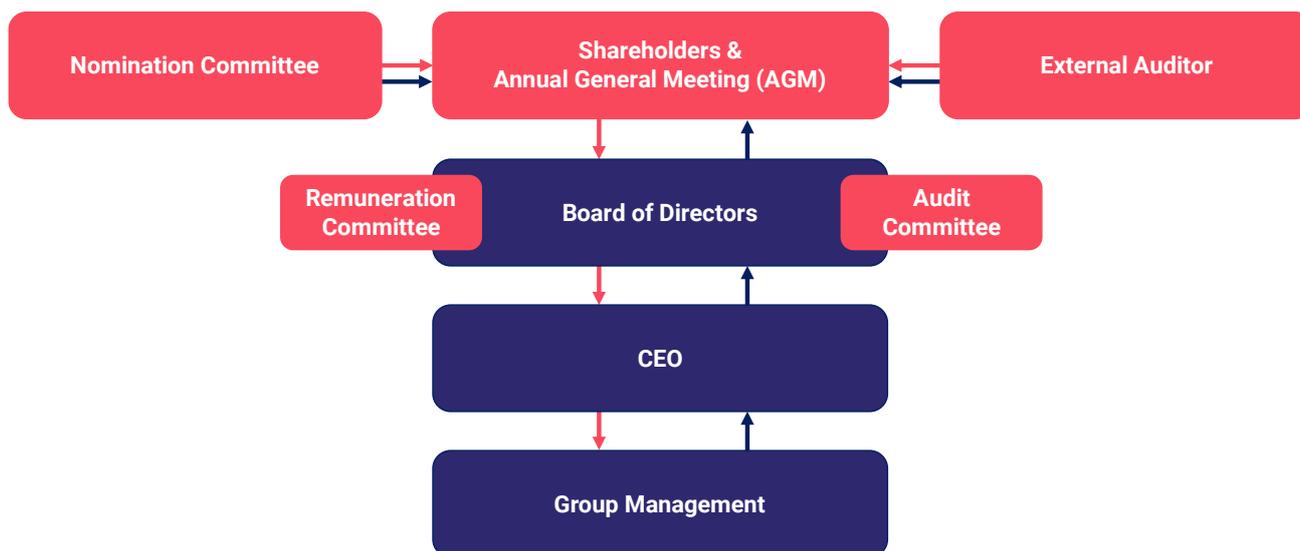
Experience: +40 years executive experience in hi-tech industry including Senior VP Technology, LM Ericsson and Senior VP Technology, Sony Mobile Communications, Currently Board member of Kaloom, Inc., Nanosys Inc. and advisor to multiple Silicon Valley startups.

Holdings in Artificial Solutions: 10,246 shares. 34,235 warrants 2019/2022 and 22,406 warrants 2020/2025.



CORPORATE GOVERNANCE

Sound corporate governance, risk management and internal control are key elements to the success of a business and are crucial when it comes to maintaining the trust of the company's stakeholders. The purpose of corporate governance is to ensure that the company is managed in a way that is as efficient as possible for its shareholders.



Artificial Solutions 's deciding corporate body is the Annual General Meeting, the board of directors, the CEO and the auditor. The Annual General Meeting (AGM) is to be held no later than six months after the conclusion of the financial year. The shareholders appoint the board of directors along with an auditor at the AGM. The board of directors appoints the CEO. The auditor reviews the annual report as well as the administration by the board of directors and the CEO. The duties of the Nomination Committee are determined at the AGM, and consist primarily of proposing board directors, the Chairman of the Board and the auditor for election at the AGM. Artificial Solutions is listed on First North Market at NASDAQ Stockholm, which does not constitute a regulated market. The company is not therefore compelled to comply with the Code.

SHAREHOLDERS

Information about Artificial Solutions 's shares and shareholders can be found on pages 30–33.

ANNUAL GENERAL MEETING

The AGM is Artificial Solutions 's highest decision-making body and the forum where the rights of shareholders are exercised. Resolutions are passed at the AGM concerning proposals from the nomination committee, the board of directors and the shareholders, as well as any other resolutions pertaining to the relevant articles of association or law.

These include resolutions on:

- (i) the adoption of the income statement and balance sheets,
- (ii) the allocation of the company's profit or loss,
- (iii) granting discharge from liability for the board directors and the CEO, and
- (iv) the election of the board of directors and the auditor and their fees.

The company's articles of association state that the board of directors at the company must have a minimum of three and a maximum of seven members and a maximum of three deputies.

Artificial Solutions AGMs are held in the municipality of Stockholm every calendar year before the end of June. In addition to the AGM, extraordinary general meetings may be convened. According to the Articles of Association, a notice convening an AGM shall be made by announcement in Post- och Inrikes Tidningar and by keeping the notice available on the Company's website. At the same time, it shall be announced in Svenska Dagbladet that a notice convening the AGM has been issued.

NOMINATION COMMITTEE

The AGM annually sets the principles for determining how the Nomination Committee is appointed.

The latest resolution of the AGM states that the current Nomination Committee has been appointed based on the following principles for establishment of nomination committee and instruction for the nomination committee:

Principles for Establishment of Nomination Committee

The AGM appoints a nomination committee. The nomination committee shall consist of the chairperson of the board of directors as well as three members elected by the three largest shareholders or groups of owners in terms of voting rights (herewith referred to both direct registered shareholders and nominee registered shareholders) of the Company, according to Euroclear Sweden AB's transcript of the share register as of 30 September. The majority of the members of the nomination committee shall be independent in relation to the Company. The CEO or management may not be part of the nomination committee. At least one of the members of the nomination committee shall be independent in relation to the largest shareholder of the Company in terms of voting rights or group of shareholders who cooperates on the Company's management.

Information about the names of the members of the nomination committee and which owner they represent shall be stated on the Company's website. If owners, who are represented in the nomination committee, no longer belong to the three largest shareholders after the announcement, their member shall make their place available and such shareholders belonging to the three largest shareholders shall instead be offered a place in the Company's nomination committee. However, there is no need to consider minor changes. If a member leaves the nomination committee before its work is completed and if the nomination committee considers that there is a need to replace this member, the nomination committee shall appoint a new member according to the principles above but based on Euroclear Sweden AB's transcript of the share register as soon as possible after the member had left the nomination committee. Owners who have appointed a member of the nomination committee have the right to dismiss such a member and appoint a new member. Amendments in the composition of the nomination committee must be immediately announced.

10 Instruction for the Nomination Committee

The nomination committee is to prepare proposals of resolutions regarding the following matters to the AGM:

- (i) Election of chairman of the AGM,
- (ii) Determination of the number of directors and deputy directors,
- (iii) Determination of remuneration and other fees to the board of directors, distinguishing between the chairman of the board and other directors,
- (iv) Determination of remuneration to auditors,
- (v) Election of directors and chairman of the board,
- (vi) Election of auditors, and
- (vii) Resolution on principles for establishment of the nomination committee and instruction for the nomination committee prior to the 2022 AGM. No remuneration is made to the nomination committee. The company shall however be responsible for reasonable costs for the execution of the tasks of the nomination committee.

Members of the Nomination Committee for the 2022 AGM Included:

- Andreas Ossmark, appointed by Scope
- Bengt Kileus, appointed by AFA Försäkring
- Henrik Söderberg, appointed by C Worldwide
- Åsa Hedin, Chair of the board of directors.

The composition of the Nomination Committee for the 2022 AGM is the same as for 2021.

BOARD OF DIRECTORS

The board of directors assumes ultimate responsibility for Artificial Solutions 's organization and administration. The members of the Board of Directors as well as information on dependencies and a presentation of the members of the Board of Directors can be found in the section Board of Directors. The Board of Directors currently has six members, including two women and four men. The work of the board of directors is governed by the Companies Act, the Articles of Association and the rules of procedure adopted by Artificial Solutions 's board of directors. The company's rules of procedure specify, among other things, the allocation of responsibilities between the board of directors and the CEO.

At the meetings of the board of directors, the board discusses the company's future development, strategy, quarterly reports, budget, financing and conducts the customary follow-up procedures of the strategic and operational activities of the company.

The board of directors also evaluates Artificial Solutions 's financial reporting each year and sets requirements on its content and layout to safeguard a high level of quality. The company's auditor attends the meeting each year where the annual financial statements are approved. The company's CEO Per Ottosson is an adjunct and attends the board of directors' meetings along with the company's CFO Fredrik Törgren, who also serves as secretary at the board of directors' meetings. All resolutions voted on by the board of directors are based on detailed decision data and are passed following discussions led by the Chair of the board. The work of the board of directors is evaluated annually under the direction of the Chair of the board. The results of the evaluation are presented to the board of directors and then discussed with the aim of optimising the board of directors' work. The work of the Chair of the board is evaluated in her absence. The conclusions from the evaluations and discussions are communicated to the Nomination Committee.

THE BOARD OF DIRECTORS' COMMITTEES

The board of directors has appointed an Audit Committee and a Remuneration Committee tasked with dealing with audit and remuneration issues prior to any resolutions to be addressed by the board of directors.

Audit Committee

The Audit Committee consists of Fredrik Oweson (chairman) and Åsa Hedin. The Audit Committee assumes a supervisory role with respect to the company's risk management, governance, and controls in addition to financial reporting. The Committee has held a total of four meetings in 2021. The auditor reports their observations to the Audit Committee on a regular basis.

Remuneration Committee

The Remuneration Committee deals with issues concerning the principles behind remuneration and other terms of employment for the CEO and company management. The committee evaluates ongoing remuneration schemes for company management and observes and evaluates the application of the guidelines for remuneration resolved on at the AGM. The Remuneration Committee consists of Johan Ekesiö (chairman) and Johan Gustavsson. The Remuneration Committee held a total of nine meetings in 2021.

CEO

The CEO is responsible for Artificial Solutions 's operational activities complying with the adopted strategy and the instructions of the board of directors. The CEO regularly reports to the board of directors pertaining to the development of business operations.

AUDITOR

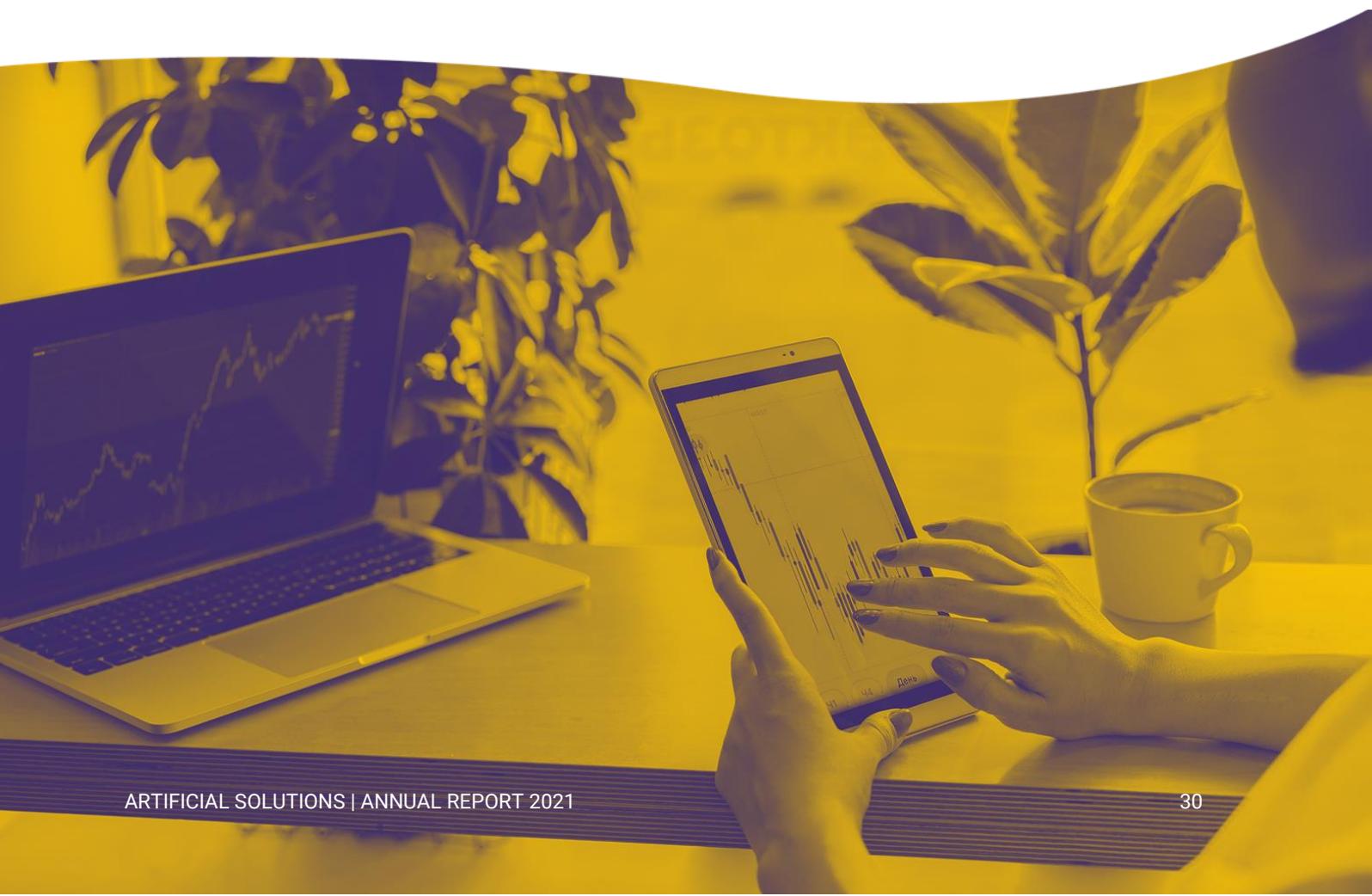
The auditor reviews the annual report, the accounts, and the administration by the board of directors and the CEO and reports to the AGM.

The AGM on June 18, 2021, resolved to re-elect the registered accounting firm Grant Thornton Sweden AB as auditor for the period until the end of the next annual general meeting. It was noted that Grant Thornton Sweden AB intends to appoint the authorized auditor Carl-Johan Regell as auditor in charge.

ASAI

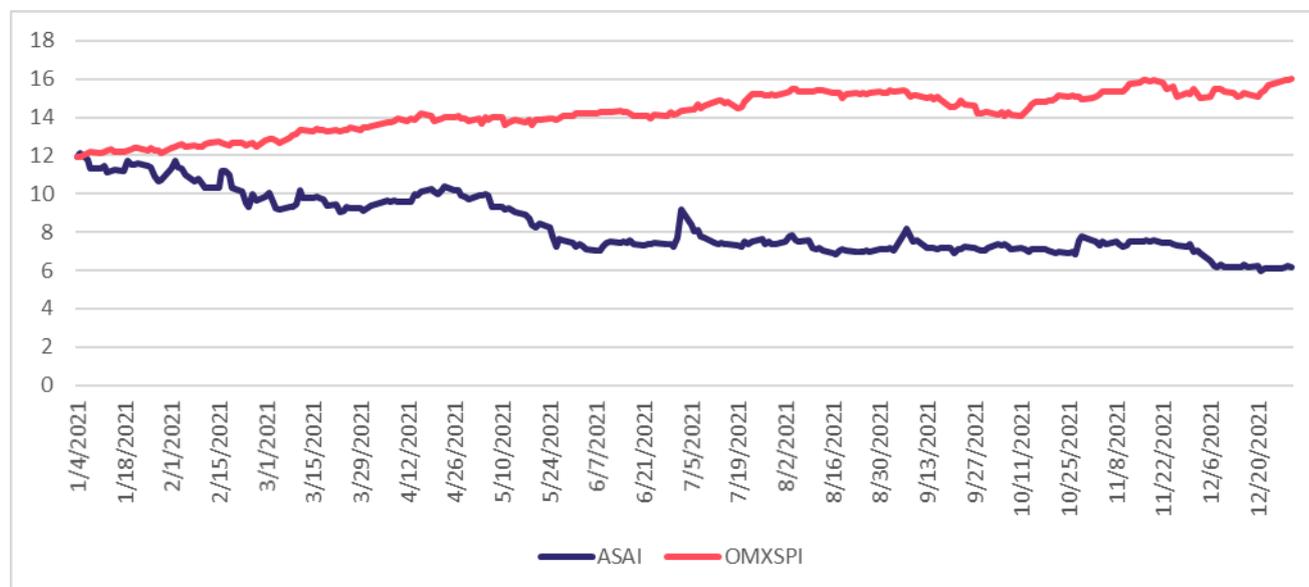
THE SHARE

Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm. The ticker is ASAI and the ISIN code is SE0012323756



SSME:ASAI

SHARE PRICE DEVELOPMENT JAN 1 - DEC 31, 2021 (SEK)



To follow the current share price performance, go to www.investors.artificial-solutions.com/the-share.

TURNOVER AND SHARE PRICE PERFORMANCE

Total turnover in 2021 was 31,657,578 shares (39,118,322 shares) with a total value of 253.3 MSEK (484). The average daily turnover amounted to 125,129 shares (155,231), corresponding to a daily value of 1.0 MSEK (1.9). At the end of the year the share price was 6.18 SEK (11.75), representing a total market capitalization for Artificial Solutions of 406 MSEK (571). The highest paid price during the year was 12.25 SEK (January 7th) and the lowest price was 5.9 SEK (December 21st).

SHARE CAPITAL

On December 31, 2021, Artificial Solutions' share capital amounted to 118,269,702 SEK (87,417,923). The number of shares amounted to 65,705,389 (48,565,512), whereof none were owned by the company. The quota (par) value per share was 1.80 SEK. Each share entitles the holder to one vote. All shares carry equal rights to dividend and to the company's assets. Artificial Solutions does not own any of its own shares and has not owned any of its own shares during the 2021 financial year.

OUTSTANDING SHARES	31-DEC 2021	31-DEC 2020
Number of shares at the end of the period	65,705,389	48,565,512
Average number of shares before dilution	58,679,977	42,642,124
Average number of shares after dilution	62,962,070	44,641,965

LARGEST SHAREHOLDERS DECEMBER 31, 2021	SHARES	%
Scope	10,727,971	16.3%
SEB-Stiftelsen	4,905,882	7.5%
Nice & Green	3,665,076	5.6%
AFA Insurance	3,284,882	5.0%
C WorldWide Asset Management	1,907,012	2.9%
Johan A. Gustavsson	1,806,128	2.8%
Avanza Pension	1,704,997	2.6%
Ulf Johansson	1,514,118	2.3%
Jeansson-sphere	1,190,000	1.8%
Nordnet Pension Insurance	1,040,677	1.6%
Total top 10	31,746,743	48%
Others	33,958,646	52%
Total	65,705,389	100%

OWNERSHIP STRUCTURE

As of December 31, 2021, the company had a total of 3,698 (4,052) shareholders. The total share capital was owned to 58 percent by Swedish and foreign institutions, to 3.7 percent by the company's management and board of directors.

DIVIDEND POLICY

Artificial Solutions has a long-term ambition to pay dividend to the shareholders. Artificial Solutions will prioritize growth over the next few years and generated profits will be set aside for business development. Therefore, no dividend distribution is planned in the near future. Dividend distribution can be considered when the company's earnings and financial position permits.

INCENTIVE PROGRAMS

There are five existing incentive programs. None of the three warrants programs have been exercised by the warrant holders on December 31, 2021. The most recent Incentive Program - the 2021/2024: Incentive Program - was approved at the Annual General Meeting held in June 2021.

Outstanding warrants per program and strike price:

PROGRAMS	NUMBER OF WARRANTS	STRIKE PRICE (SEK)
2019/2022	195,628	49.30
2019/2024	824,709	32.87
2020/2025:1	229,000	17.70
2020/2025:2	126,966	17.70
2021/2024:1	2,011,581	8.70

Incentive Program 2019/2022:

At the Annual General Meeting of Artificial Solutions held on February 28, 2019, it was resolved to introduce a long-term incentive program in the form of a warrant program to Artificial Solutions' board members. A total of 195,628 warrants were issued, the subscription price is 49.30 SEK and the premium paid for the warrants was 4.58 SEK per warrant. The warrants can be exercised during the period from February 1, 2022, until June 15, 2022.

Incentive Program 2019/2024:

At the Annual General Meeting of Artificial Solutions held on February 28, 2019, it was resolved to introduce a long-term incentive program in the form of a warrant program to Artificial Solutions' senior executives and other key personnel. A total of 978,135 warrants were issued, the subscription price is 32.87 SEK and the premium paid for the warrants was 11.26 SEK per warrant for employees in Sweden and employees outside Sweden received the warrants without consideration. The warrants can be exercised during the period from February 1, 2024, until June 15, 2024.

Incentive Program 2020/2025:

At the AGM of Artificial Solutions held on June 17, 2020, the resolution taken was to issue a maximum of 769,280 warrants of series 2020/2025:1 for senior executives and other key personnel and a maximum of 149,372 warrants of series 2020/2025:2 to board members. The subscription price is 17.70 SEK and the premium paid for the warrants was 2.36 SEK per warrant for employees in Sweden and for board members, and employees outside Sweden received the warrants without consideration. The warrants can be exercised during the period from June 1, 2025, until October 15, 2025.

Incentive Program 2021/2024:1

On June 18, 2021, the AGM approved the new incentive program 2021/2024:1. The subscription price of shares when exercising the warrants corresponds to 120 per cent of the volume-weighted average price for the company's share on Nasdaq First North Growth Market from 31 May 2021 to 11 June 2021. Each warrant provides the holder a right to subscribe for one (1) new share in the company and may be exercised during the period from 1 July 2024 to 15 October 2024. Provided that the warrants are fully exercised, the company's share capital can increase with a maximum of SEK 3,620,845.87, corresponding to a maximum of about 3.17 per cent of the current number of shares and votes in the company.

Cancellation of Warrants

On June 1, 2021, the board of directors of the company resolved to cancel 153,426 warrants of series 2019/2024:1, 540,280 warrants of series 2020/2025:1 and 22,406 warrants of series 2020/2025:2 held by Artificial Solutions Holding ASH AB.

OTHER WARRANT PROGRAMS

The company has granted a specific warrant program to previous financial lenders, with a strike price of SEK 32 per share on 1,562,500 warrants. If all warrants are exercised the company would receive a cash contribution of approximately SEK 50 million. The subscription period ends on March 31, 2023.

INVESTOR RELATIONS

Artificial Solutions' goal is for the share to be valued based on relevant, correct, and current information. This involves a clear financial communication strategy, reliable information, and regular contacts with various stakeholders in the financial markets. Contacts with the financial markets take place through presentations of quarterly reports and meetings with analysts, investors and the media at various events, seminars, and during visits to Artificial Solutions offices. Interested parties can download presentation materials and listen to audio recordings from presentations of quarterly reports on Artificial Solutions website.

SHAREHOLDER CONTACTS

Per Ottosson, CEO and Fredrik Törgren, CFO at Artificial Solutions. Artificial Solutions has an explicit target to keep an ongoing dialog with the media and the capital market.

ANALYSTS

Redeye Equity Research

Forbes Goldman

forbes.goldman@redeye.se

Financial information regarding Artificial Solutions is available to download from:

<https://www.investors.artificial-solutions.com/>.

This includes financial reports, press releases and other corporate presentations. The company's press releases are distributed via Cision and are also available on the company's investor website.

Management can be reached at:

Phone: +46 8 663 54 50

E-mail: ir@artificial-solutions.com

FINANCIAL REPORTS

DIRECTORS REPORT

The board of directors and the CEO of Artificial Solutions International AB (publ), org. no. 556840-2076, with registered office in Stureplan 15, 111 45 Stockholm, hereby submits the annual accounts and the consolidated account for the financial year 2021 (Jan-Dec). The annual report has been prepared in Swedish Krona (SEK) with all figures reported in SEK thousand, unless otherwise stated.

GROUP STRUCTURE

Artificial Solutions International AB (publ) is the Parent company in a Group with one wholly controlled subsidiary: Artificial Solutions Holding ASH AB, org no. 556734-1556, which in turn has one wholly owned subsidiary: Artificial Solutions B.V., org no. 34162309. The five wholly owned operating subsidiaries in Sweden, Spain, Germany, Italy, and the US are controlled by Artificial Solutions B.V. (with full indirect ownership on the US subsidiary, which is fully owned by Artificial Solutions Scandinavia AB). During 2021, the company continued with the decision of simplifying the legal structure by completing the voluntary liquidation of the UK entity and by voluntary liquidating one of the two Dutch entities, Artificial Solutions (Netherlands), BV. The units had no active customers and no employees and was voluntarily liquidated to reduce our operating costs. The transactions did not have any revenue impact and is expected to have a positive impact on our operating expenses in 2022.

Artificial Solutions is listed on Nasdaq First North Growth Market in Stockholm with ticker name ASAI. See more detailed ownership data later in the section Ownership.

OPERATIONS

Artificial Solutions is the leading specialist in Conversational AI. The company enables communication with applications, websites, and devices in everyday, humanlike natural language via voice, text, touch, or gesture input. Artificial Solutions' advanced conversational AI Teneo®, allows business users and developers to create sophisticated, highly intelligent applications that run across 86 languages, multiple platforms, and channels in record time. The ability to analyse and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of data 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, conversational bots, 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.

SUSTAINABILITY AND INTERNAL CONTROL

Artificial Solutions is fully committed on contributing for a sustainable future. As such, the company is actively embarking on climate action, through reduction of carbon footprint by our Cloud-based delivery and business model; social inclusiveness, by accelerating gender equality and diversity; ethical and responsible services by AI designed based on such principles. This is further outlined earlier in this annual report.

During 2021, Artificial Solutions initiated the work to certify the Cloud SaaS offering in order to be in a position to lead the development in terms of information security in our industry. The ISO 27001 project started in 2021 and the objective is to conclude the certification of the Cloud SaaS processes of the business with the ISO 27001 information security management standard during 2022. The ISO 27001 information security is also part of also improving our internal control systems.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2021

R&D Tax Refund

In December 2021, the R&D tax credit for 2020 was approved, which means that the company can expect to receive a cash tax refund of approximately 5 MSEK in January 2023. The impact of the transaction has been recognized, at group level, as other income.

COVID-19

Through its operations, the company is exposed to a range of operational and financial risks. These risks, including those associated with the current Covid-19 crisis, could have a material adverse effect on Artificial Solutions' operations, financial position and/or results. During 2021, the impact on our operations due to Covid-19 was limited and this is expected to be the case also in 2022. The impact can potentially come from new outbreaks and that these will make it harder for us as a company to interact with new potential customers.

Industry Analyst Recognitions

The leading analyst firm in the IT industry, Gartner, highlighted Artificial Solutions as a Practical Innovator for Conversational AI and Microsoft as Disrupter.

ISG, a renowned technology research and advisory firm, presented Artificial Solutions as a Leader in its Intelligent Automation – Solutions and Services for Conversational AI report.

Artificial Solutions was recognized and selected by Microsoft as Microsoft Co-Sell Partner.

Sales Development

The SaaS revenue model and new KPIs

In the fourth quarter 2020, the company communicated the introduction of the SaaS business and delivery model.

Under the SaaS business and delivery model, there is a continued focus on growing our recurring revenues from our existing customers, and acquisition of and growing new customer revenues. This is the case both when we do business through partners as well as when our sales team closes customer deals. The SaaS revenue model means that revenues and cash flows will be recognized as the benefits are consumed. So, the revenue recognition happens at the actual usage/consumption of the

product/services going forward. This is applicable for all revenue types highlighted below in items 1 to 4.

The revenue streams in the SaaS business and delivery model are:

1. Subscription revenues from **Teneo Studio** – based on number of users.
2. API calls generated in **Teneo Engine** – based on number of API calls.
3. **Teneo Data** – analytics platform to review users' conversations and enhance the conversational AI solutions. Revenues based on ingested data.

The revenue streams in the SaaS revenue model consists of four different categories and where subscription revenues (1) come from working in our LUIS^Teneo SaaS product service and the API call revenues (2) from end users generating traffic in our LUIS^Teneo platform are the key revenue streams. Teneo Data revenues (3) are based on searchable data. Revenues from 1-3 above represents recurring SaaS revenues. The remaining revenues are related to professional services, which is not in primary focus for our SaaS strategy. Recurring revenues (1-3) from SaaS is part of our total recurring revenues and our SaaS ARR metric. The later includes the combined revenues from 1-3 the last month in the quarter multiplied with a factor of 12 (12 months). The SaaS ARR in December 2021 amounted to 9.4 MSEK.

When a new customer joins as a SaaS customer, the company initially receives revenue from 1. the subscription fees and over time as the different use cases from a customer is deployed the API call volumes start to increase. It normally takes 6-18 months for a customer to scale the API call volumes and the revenues for the starting use case(s). A customer can also expand the number of use cases as well as the number of markets covered. For a large customer, with significant API call volumes, the API call revenues will in many cases exceed the subscription revenues by far. This clearly highlights the scalability in our business and revenue model.

The subscription revenues in 1. above are to some extent linked to what the company previously has reported as License revenue. API call revenues in 2. are to some extent linked to what the company has reported as Usage revenues but going forward will be directly linked to the actual usage. The Teneo Data revenues in 3. are based on searchable data. Expert services revenues in 4. are based on fees for training sessions and any other expert services is based on daily rates.

Other important metrics in focus for the future are the % revenues generated from SaaS customers, the % revenues generated from recurring revenues, the API call volumes generated in the SaaS model.

Preparation of adjusted revenues to align to the new business model

To align the old business model and historical reported sales numbers to the SaaS business model and revenue recognition when using/consuming the services – i.e., apply revenue recognition over the lifetime of a contract or when the benefits are consumed – we have during 2021 prepared adjusted revenues. The purpose of this preparation is to provide better guidance on our underlying contracts and revenues and to align the old way of recognizing revenues with the SaaS business model.

The only difference in the revenue recognition relate to recognition of Usage revenues. Previously a committed and invoiced Usage contract by a customer was recognized to 100% at the time of invoicing – regardless of the length of the contract. Applying the SaaS business model principles would instead mean that such Usage would be recognized as consumed or proportionally over the lifetime of the contract.

Below is a table showing the actual reported quarterly revenue from the fourth quarter 2020 to the fourth quarter 2021 split by License & Support, Usage and Other, and the adjusted revenues for the same types of revenue categories. The delta between actual reported revenues and adjusted revenues can be seen only for the category Usage revenues.

MSEK	OCT-DEC 2020	JAN-MAR 2021	APR-JUN 2021	JUL-SEP 2021	OCT-DEC 2021
License & Support	4.6	4.6	5.0	5.3	5.5
Usage	3.0	1.9	1.3	3.2	3.3
Other	2.1	3.3	1.9	2.4	1.0
Total Net Sales	9.7	9.8	8.2	11.0	9.8
License & Support	4.6	4.6	5.0	5.3	5.5
Usage Adjusted	3.5	4.3	3.8	4.2	4.0
Other	2.1	3.3	1.9	2.4	1.0
Total Net Sales Adjusted	10.2	12.2	10.7	11.9	10.4

The usage revenue from contracts established under the old business model, have been restated proportionally over the lifetime of the contract or based on actual usage consumption. This restatement of the adjusted usage revenues is more comparable with the SaaS business model and harmonize with the revenue recognition principles ahead. When we have renewed all contracts that have been signed before 2021, the reported and adjusted net sales and recurring revenues will be the same and we

recognize that the difference is continuously being reduced. This can be seen in the table above when comparing the quarterly numbers quarter by quarter.

Adjusted recurring revenues key in transitioning into the SaaS model

Adjusted recurring revenues – license and support together with usage revenues – are key for any software company. Adjusted recurring revenues have continued to grow the last 2 years.

The adjusted recurring revenues (Usage, License and Support) for the year amounted to 36.7 MSEK (33.9), equivalent to 81% (72) of adjusted total net sales and an increase of 8% compared with the same period last year. The comparable number for 12 months rolling adjusted recurring revenues amounted to 35.3 MSEK in the third quarter 2021. The adjusted usage revenues (Usage) for the year amounted to 16.2 MSEK (10.4), equivalent to 36% (22) of adjusted total net sales and an increase of 56% compared with the same period last year.

The adjusted recurring revenues highlight the strength in our installed base of customers and the underlying customer contracts. When transitioning from a hybrid business model including license, usage, support and professional services revenues into a pure SaaS revenue model, the adjusted recurring revenues have been used as a proxy of our ARR (annual recurring revenues) from our existing customer contracts (excluding growth in API calls and number of use cases). We have now also started to report the ARR from SaaS only and these revenues are also part of the total recurring revenues. An increase of the percentage of sales generated from SaaS is an indicator of the conversion rate from the old business model into the SaaS model. During 2021, SaaS increased in importance and in December 2021, SaaS revenues accounted for 25% of total adjusted recurring revenues and the SaaS ARR amounted to 9.4 MSEK.

SaaS revenues are expected to increase in 2022 due to additional customer wins on the SaaS model, conversion of existing customers from the old model to SaaS and growth of revenues from increase on API calls on existing SaaS customers. Our existing customers and the adjusted recurring revenues derived from them will be the foundation, together with new customer wins on the new SaaS business model, in Artificial Solutions transitioning into a full-scale SaaS company.

Commercial Development

Net sales 2021 amounted to 38.9 MSEK (53.8), equivalent to a decrease of 28% compared to last year. The recurring revenues (Usage, License and Support) for the full year 2021 amounted to 30.2 MSEK (40.4), equivalent to 78% (75) of total net sales and an increase of 25% compared to last year. The high and increasing percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our transitioning to the SaaS model. Our existing customers using our Teneo platform are highly important for us in our continued journey as a software company.

During 2021 and beginning of 2022, the company has signed a number of contracts under the SaaS business model. SaaS agreements have been signed during the year with customers such as Telefonica, A1 Bulgaria, Sensentia, Grape Tree. A large multinational company in US has contracted our SaaS service through the indirect channel, via our partner CSG. A number of existing customers, such as Circle K, Scania, Skoda, have renewed their contracts with the company by migrating from the legacy model to the SaaS model.

In January 2022, HelloFresh signed an agreement with retroactive effect to November 1, 2021. The client has moved from legacy to SaaS model.

Also, during 2021 some existing customers such as Widiba, Webank and TIAA have renewed its contracts under the legacy business model.

Our Customers Are Growing

Considering renewals and new customers, we have signed 17 contracts during 2021 and the customers we enter 2022 with are on a trajectory to increase their usage of our solutions. A large Telco client went live with its solution in record time and exited the year on a rate of 250,000 phone calls per month being received by their Teneo-based solution after starting in May 2021. Our Customer Success organization has proven itself as customer feedback has been overwhelmingly positive in how we support customer and partner teams in their journeys.

Product Development Essential for the Future

During the financial year 2021, the company has continued its focus to be leading the Conversational AI market by further improving the Teneo platform that gives customers and partners the possibility to deploy Conversational AI applications with significant volumes. This is only possible with extensive investments in product development.

The company has expanded the Teneo Platform to cover 86 languages spoken natively by 3 billion people. Artificial Solutions thereby now has the most extensive Conversational AI language solution in the market, covering close to 40% of the world's population.

Artificial Solutions has its own dedicated organization for product research and development, with highly experienced software engineers and computational linguists specializing in natural language developments. Artificial Solutions operates three research and a development center located in Sweden, Spain, and Germany. It is also responsible for the company's patents that protect its technology platform. Patents range from the Teneo Platform through the training data and automation of building Conversational AI solutions to the Hybrid approach used within the Teneo platform.

Financing Activities to Support Continued Growth

To finance and support the continued growth of our scalable technology, the parent company raised new equity and debt capital during 2021.

On May 6, 2021, the company announced a directed new share issue that provided the company with 112.5 MSEK in cash (120.0 MSEK excluding transaction costs). The directed new share issue was oversubscribed and broadened our shareholder base with a number of new reputable shareholders.

On December 22, 2021, the company announced the closing of a 5-year credit facility of 250 MSEK carrying an interest margin of 9.5% and with PIK (payment in kind) interest, i.e., interest costs will be capitalized and will not result in any cash interest payments during the tenure. The proceeds from the credit facility have been used for refinancing the company's debt and convertible debt.

From the proceeds from the new credit facility, the company repaid more or less all existing debt, including convertible debt held on the balance sheet on September 30, 2021. Following receipt of the proceeds from the new

credit facility and repayment of debt and convertible debt in December 2021, the company had additional proceeds available for supporting the company's continued growth and execution of the new SaaS model strategy. After concluding the repayments of debt, the company cash & bank position amounted to 112.1 MSEK on December 31, 2021. In January 2022, the company received 6.4 MSEK in cash tax refund for performed R&D work in 2019, further strengthening the cash position of the company.

The convertible loan agreement with N&G was also ended with the repayment of the convertible loan in December 2021. Following the closure of the convertible loan agreement with N&G, and after conversion during the first seven months of the year of part of the loan, 23.5 M SEK, into shares, N&G is the third largest shareholder.

With this capital contribution, the company's financing need for at least the coming 12 months is secured.

Refer to Note 18 on the financial statements.

SIGNIFICANT EVENTS AFTER 2021

Increased Commitment from Existing Customers and New Business Model Attracting New Customers

During 2022, existing customer from the health industry, Medtronic, have extended their commitment to Teneo and has signed an agreement moving from legacy model to SaaS. Loomis has renewed during March 2022 the existing license agreement for one more year. In addition, through our partner CGI, a large healthcare provider has committed with a three-year agreement to use Teneo.

Recruiting Activities to Support New Business Model

The company will continue recruiting key staff to support the new business and delivery model and our strategy. Main focus is currently to strengthen the sales team to further support our SaaS growth, with special focus on the sales team in the USA. Sean McIlrath has been appointed as Head of US Sales and will continue building the team.

R&D Tax Refund

In January 2022, the company received cash payment of SEK 6.4 M from the Spanish Tax Authority following completed R&D review of R&D investments carried out in 2019.

Intellectual property valuation

The company has invested significant amounts in R&D and in patenting its unique technology in Natural Language Interaction (NLI) and Natural Language Processing (NLP) technologies in recent years.

On January 17, 2022, the company announced an updated external valuation of its intellectual property performed by OxFirst Ltd. The valuation analysis indicates a value increase from 1.4 BSEK in 2019 to 1.6 BSEK 2021.

The patents are cited by some of the most influential companies in the Conversational AI space, including Apple, Nuance, Google, and IBM, confirming Artificial Solutions as a leading innovator in the Conversational AI sector.

A cited citation is also referred to as a forward citation. The company's technology is used by world leading companies to create the best customer experiences possible in a plethora of languages. It powers the largest multilingual Conversational AI-projects in Europe and our clients achieve outstanding customer loyalty scores with higher levels of automation. Artificial Solutions has significantly more forward citations than the average peer in Software (305 vs. 33). Forward citations indicate that newer patents acknowledge the importance of a foundational patent in the space. Our patents cited by Apple, Nuance, Google, and IBM are key components within Artificial Solutions platform, Teneo to develop bots and conversational IVR's.

The external intellectual property valuation considers how the scope and influence of Artificial Solutions' intellectual property has expanded and bases its conclusion on the patents overall market opportunity combined with the potential opportunities in the Conversational AI market.

Ukraine

The company has no operations nor customers in Ukraine or Russia and has not experienced any negative impact during the beginning of 2022 due to the Ukraine-Russia conflict. The impact on business activity in general and for our industry in particular cannot be ruled out, but the company does not expect any major negative impact from the conflict.

FUTURE DEVELOPMENTS, RISKS AND UNCERTAINTIES

Following the decision in December 2020 to change the company's business and delivery model into a SaaS model, the company's organizational structure has also changed, and the revenue model will continuously convert into SaaS as an effect. This transformation evolved during 2021 and will continue to do so in 2022. In summary, a SaaS revenue model is more based on a pay as you go (OPEX model) principle rather than significant upfront capex investments in license fees, usage fees, etc. (CAPEX model) which has been the model in the past.

Artificial Solutions experienced growth in 2021 in our adjusted recurring revenues, our key revenues for the SaaS strategy, and our operating expenses also decreased in 2021 vs. 2020. Consequently, our negative cash flow from operating activities without considering interests and taxation, has also been reduced. On this basis, it is the board of directors' expectation that Artificial Solutions is well placed for again accelerating sales and driving value creation.

During 2020, the company operations were impacted by the Covid-19 pandemic, evidenced from the fact that in the company received and used various furlough and governmental support schemes to counter the company's cash impact and from a relatively mild sales development. During 2021, the impact on our operations due to Covid-19 was limited. The board of directors will however continue to monitor the impact from Covid-19 and any further new waves of outbreaks. The same applies to the impact from the Ukraine-Russia conflict.

The group expects to grow its recurring revenues in line with market expectations for the Conversational AI market. The company also expects to continue to develop existing partner and customer relationships and sign and add new customers on the new SaaS business and delivery model. Another key priority is to make sure to continue to develop the Teneo Platform to ensure it remains ahead of the market and its competition.

It is Artificial Solutions' board of directors' assessment that the existing working capital, the possibility to obtain access to cash and equivalents to perform its payment obligations as they fall due, is sufficient to meet current cash requirements.

Macroeconomics: Artificial Solutions conducts its business in several markets around the world. For this

reason, Artificial Solutions is affected by general economic, financial, and political conditions on an international level.

Technology: Artificial Solutions relies on its technology systems and infrastructure in providing its services and solutions to its customers. It relies on that technology remaining in a leading position in the Conversational AI market. There is a risk that the company's business could be interrupted by any damage to or the failure of the company's technology or failure to continue to develop the company's technology.

Customers: The product offering that Artificial Solutions provides to its customers is inherently complex and may contain errors. Whilst it is considered unlikely to occur, this could impact market acceptance of the company's technology.

Markets: The conversational AI market is fragmented and highly competitive. Some of Artificial Solutions' competitors have greater name recognition and significantly greater resources and thus may be able to respond more quickly and effectively to new or changing customer demands.

The company depends on its ability to adapt to the rapidly changing market by improving the features and reliability of its Teneo Platform, and by successfully bringing new features to market meet customer demands often against competitors with significantly greater resources available.

Intellectual Property: Artificial Solutions is dependent on protecting its intellectual property rights. However, the steps Artificial Solutions takes to protect these rights may prevent copying, developing or reverse engineering the company's intellectual property and the company may be required to spend significant resources to continue to monitor and protect those rights. As such the company may not be able to prevent third parties from infringing upon or misappropriating Artificial Solutions' intellectual property.

People: as any small software company, Artificial Solutions is dependent on executives and key personnel with a detailed knowledge of the company and the industry. Identifying and recruiting qualified personnel and training them requires significant time, expense, and attention. In a highly competitive market, there is also a risk that Artificial Solutions may not be able to retain or hire such personnel to the extent necessary. Artificial Solutions' business may also be adversely affected.

OWNERSHIP

The Parent Company is Artificial Solutions International AB (publ), company listed in Nasdaq First North Growth Market under the ticker ASAI. The 10 largest shareholders on December 31, 2021, are listed below:

Shareholder	Capital %
Scope	16.3%
SEB-Stiftelsen	7.5%
Nice & Green	5.6%
AFA Insurance	5.0%
C WorldWide Asset Management	2.9%
Johan A. Gustavsson	2.8%
Ulf Johansson	2.3%
Theodor Jeansson	1.8%
Nordnet Pension Insurance	1.6%

The number of outstanding shares on December 31, 2021, was 65,705,389, an increase from 48,565,512 on December 31, 2020.

There is a minority interest in one of the group subsidiaries with an ownership of 0.7%. On December 31, 2021, the minority interest has not been resolved. As per materiality, the company has not disclosed that minority interest on the Financial Statements below.

On June 1, 2021, the board of directors of the company resolved to cancel 153,426 warrants of series 2019/2024:1, 540,280 warrants of series 2020/2025:1 and 22,406 warrants of series 2020/2025:2 held by Artificial Solutions Holding ASH AB.

On June 18, 2021, the AGM approved the new incentive program 2021/2024:1. The subscription price of shares when exercising the warrants corresponds to 120 per cent of the volume-weighted average price for the company's share on Nasdaq First North Growth Market from 31 May 2021 to 11 June 2021. Each warrant provides the holder a right to subscribe for one (1) new share in the company and may be exercised during the period from 1 July 2024 to 15 October 2024. Provided that the warrants are fully exercised, the company's share capital can increase with a maximum of SEK 3,620,846, corresponding to a maximum of about 3.2 per cent of the current number of shares and votes in the company.

There are five existing incentive programs:

PROGRAMS	NUMBER OF WARRANTS	STRIKE PRICE (SEK)
2019/2022	195,628	49.30
2019/2024	824,709	32.87
2020/2025:1	229,000	17.70
2020/2025:2	126,966	17.70
2021/2024:1	2,011,581	8.70

In October 2020, the company granted a specific warrant program to some of its financial lenders. The total number of warrants is 1,562,500 to subscribe for 1,562,500 shares at a strike price of SEK 32 per share. The subscription period ends on March 31, 2023. If the warrants are utilized in full, the company would receive cash proceeds of 50 MSEK.

COMMENTARY TO FINANCIAL STATEMENTS

In the commentary to the financial statements, there is no reference to adjusted but only reported numbers. See section Sales Development in the Director's Report for further information about adjusted revenues.

Income Statement

Group net sales 2021 amounted to 38.9 MSEK (53.8), equivalent to a decrease of 28% compared to the same period last year. More importantly, the recurring revenues (Usage, License and Support) for the full year 2021 amounted to 30.2 MSEK (40.4), equivalent to 78% (75) of total net sales and a decrease of 25% compared with the same period last year.

Parent company net sales 2021 amounted to 2.0 MSEK (2.4). This revenue comes from a unique customer agreement.

Group personnel costs for 2021 amounted to 70.8 MSEK (115.8), a decrease of 39% over the same period last year. Headcount has decreased from 108 on December 2020 to 64 on December 31, 2021. The reduction in costs is due to the organizational adjustment carried out by the group at the end of the fourth quarter 2020. There are no employees in the parent company and consequently no personnel costs.

Group other operating income for the 2021 amounted to 5.4 MSEK (10.4), of which 5.2 MSEK correspond to the expected tax credit for 2020 R&D and 0.1 MSEK correspond to the US Pay-check Protection Program forgivable loans of 2.6 MSEK that the company received in 2020 and in 2021 received forgiveness confirmation of 100% of the loan. Other operating income 2020 included expected tax credit for 2019 R&D of 6.2 MSEK and the remainder was government furlough support related to COVID-19. Other operating income in the parent company amounted to 2.6 MSEK (0.7). This is revenue from group companies.

Group depreciation and amortisation for 2021 amounted to 12.5 MSEK (12.1). Capitalized R&D for the full year 2021 amounted to 11.7 MSEK (9.7). There are no related costs in the parent company.

Group operating expenses for 2021 amounted to 126.5 MSEK (171.7). The decrease is due to the impact of the cost reduction measures the company carried out in the fourth quarter of 2020. The annual operating expenses for the year, excluding depreciation and amortization and non-recurring cost items of 3.9 MSEK (severances and impairment on intangible of fixed assets), has decreased from 159.6 MSEK 2020 to 110.2 MSEK 2021. The average monthly operating expenses for the full year 2021 amounted to 9.2 MSEK. In the parent company, operating expenses for the full year 2021 amounted 15.6 MSEK (17.8). Board of Directors are paid through parent company, so any cost related is recognized in the parent company.

Due to the value of accumulated tax losses carried forward in the group, there is almost no tax payable in relation to 2020 or 2021.

Group net financial items for the full year 2021 amounted to 1.1 MSEK (-56.4). The improved net financial items compared with the same period last year is a result of the positive currency exchange rate differences and the positive impact of the voluntary UK subsidiary liquidation of 21.4 MSEK. The interest costs for the full the year 2021 amounted to 28.0 MSEK (33.4).

As a result of the closing of the new 5-year PIK loan credit facility with Capital Four in December 2021, the parent company has incurred transactional costs linked to the closing of the new financing. Those costs have been capitalized together with the new credit facility and will be recorded monthly as financial costs in addition to actual interest costs for the credit facility itself. In the fourth quarter of 2021 the transactional and interest costs from the PIK loan amounted to 0.6 MSEK. Parent company net

financial items for the full year 2021 amounted to -107.4 MSEK (-10.8). The main impact 2021 is related to the write-down of assets of 116.0 MSEK and other items include a reversal of a provision for an intercompany receivable with 2.9 MSEK and 3.5 MSEK (3.6) relate to interests and similar costs from loans. The write-down is an effect of the refinancing and that the financing with Capital Four is held with our parent company instead of with a subsidiary. Financial income of 5.8 MSEK (3.9) related to interest from intercompany loans. The rest of the amount are mainly realized exchange adjustments.

Balance Sheet

Artificial Solutions has its own dedicated organization for product research and development, with highly experienced software engineers and computational linguists specializing in natural language developments. The activities are focused on continuous improvements of the Teneo platform. A total of 11.7 MSEK (9.7) was invested in capitalized development expenses as capital expenditures during the year and the total capitalized development expenses in the balance sheet amounted to 28.4 MSEK (29.8).

The group's tangible assets consist of equipment, furniture and fittings and amounted to 0.9 MSEK (1.3).

The current assets consist of current receivables that combined amounted to 25.7 MSEK (22.5).

The cash & bank position amounted to 112.1 MSEK (20.1).

The group equity position at the end of the year amounted to -119.3 MSEK (-172.7).

Interest-bearing liabilities at the end of the year amounted to 237.6 MSEK (186.2). The existing credit facilities are described further earlier in the section Directors' Report.

Cash Flow Statement

Cash flow from operating activities before financial items and taxation for the year 2021, amounted to -38.2 MSEK (-96.6).

The operational use of cash in 2021 compared with 2020 was reduced mainly due to a lower cost base. The full year 2021 operating cash flow also includes the item Adjustments for items not included in cash flow that amounted to 19.9 MSEK. This item is mainly the result of the voluntary liquidation of the UK company done in 2020 and that has had an impact in profit and loss statement but without any cash impact. Refer to Note 22 of the

financial statement

Cash flow from operating activities after financial items and taxation amounted -96.1 MSEK (-108.7). The higher use of cash from operating activities after financial items and taxation relates mainly to the increase in costs associated to the new facility agreement and other financial costs associated to the debt repayment. This is summarized in the item Interest Paid and Received in the cash flow statements and amounted to -65.2 MSEK (-17.4) for the full year 2021. The repaid debt carried capitalized interest that was repaid at the maturity date and other related financing fees also impacted cash flow negatively. For the full year 2021 and 2020, the company has also received cash payment of 7.3 MSEK and 5.5 MSEK respectively from the Spanish Tax Authority following completed R&D review of R&D investments.

On December 22, 2021, when the new credit facility was closed, the company received 242.4 MSEK (upfront commitment fees deducted) in proceeds. With these funds the company repaid almost all the existing debt and capitalized interest costs and related financing fees as well as financing the negative cash flow from operating activities for the year 2021.

In the second quarter 2021, the company also received 112.5 MSEK (after deduction of transaction costs) from a directed new share issue.

The company's cash & bank position as of year-end 2021 amounted to 112.1 MSEK (20.1). In January 2022, the company also received 6.4 MSEK in tax credit refund, further improving the cash position of the company with the same amount.

FINANCIAL OVERVIEW

The following are the developments in the Group during the last four years.

KEY FIGURES KSEK	2021	2020	2019	2018
Net sales	38,866	53,761	49,139	44,933
Operating profit	-70,588	-97,836	-145,977	-118,751
Profit after financial items	-69,471	-154,224	-181,749	-146,132
Total intangible assets	28,430	29,773	31,738	29,430
Total assets	168,581	76,954	75,288	106,494
Total equity	-119,323	-172,729	-190,364	-86,423
Earnings per share before dilution (SEK) ^(*)	-1.1	-3.2	-7.4	n/a
Earnings per share after dilution (SEK)	-1.0	-3.0	-7.0	n/a
Solidity	-71%	-224%	-253%	-81%
Average no. of employees	62	95	106	105

KPIs KSEK	2021	2020	2019	2018
Net sales adjusted	45,300	47,252	49,139	44,933
Recurring Revenue	30,221	40,382	27,071	25,087
Recurring revenues adjusted	36,655	33,872	27,071	25,087
Usage Revenue	9,766	16,926	7,660	5,333
Usage revenues adjusted	16,200	10,417	7,660	5,333
SaaS ARR	9,436	n/a	n/a	n/a
Gross Margin %	70%	66%	61%	45%
Adjusted EBITDA	-59,951	-78,322	-112,779	-100,284
Cash flow from operating activities before interest and taxation	-38,164	-96,568	-121,487	-95,595

^(*) The Company does not report earnings per share figures as per 2018. Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm under the symbol "ASAI".

PROPOSAL FOR THE TREATMENT OF THE UNAPPROPRIATED EARNINGS

The Group

The Group's non-restricted equity amounts to -237,592,684 SEK of which -69,471,003 SEK are loss for the current year.

The Parent Company

The following are available for appropriation at the annual general meeting:

	2021
Share premium reserve	1,311,084
Other equity	-862,546
Result for the year	-118,441
	330,097
<hr/>	
The board proposes that the following be carried forward	330,097
	330,097

Please refer to the following income statements, balance sheets, change in equity, 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 thousand Swedish Krona (SEK) unless otherwise indicated.

CONSOLIDATED INCOME STATEMENT

KSEK	Note	1 JAN 2021 – 31 DEC 2021	1 JAN 2020 – 31 DEC 2020
Operating income.			
Net sales	3	38,866	53,761
Capitalized amount for own accounts	12	11,719	9,716
Other operating income	3	5,377	10,388
Total operating income		55,962	73,865
Operating expenses			
Other external costs	4, 5, 6	-41,595	-43,778
Personnel costs	7	-70,794	-115,794
Depreciation and amortization on fixed assets	12, 13	-12,477	-12,124
Other operating expenses	8	-1,684	-5
Operating profit		-70,588	-97,836
Result from financial items			
Interest income and similar items	6, 9	38,483	10,681
Interest expenses and similar items	10	-37,365	-67,069
Profit after financial items		-69,470	-154,224
Tax on profit for the year		-1	-223
NET PROFIT FOR THE YEAR		-69,471	-154,448

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2021	31 DEC 2020
ASSETS			
<i>Fixed assets</i>			
Intangible assets			
Capitalized expenditure for development of content	12	28,430	29,773
Total intangible assets		28,430	29,773
Tangible assets			
Equipment, furniture, and fittings	13	894	1,254
Total tangible assets		894	1,254
Total fixed assets		29,324	31,027
Other non-current receivables		1,441	3,331
Total non-current assets		30,765	34,358
Current assets			
Current receivables			
Tax receivable		11,558	13,189
Accounts receivable		7,108	1,747
Other receivables		2,033	1,472
Prepaid expenses and accrued income	16	5,022	6,125
Total current receivables		25,721	22,534
Cash and bank balances		112,095	20,063
Total current assets		137,816	42,597
TOTAL ASSETS		168,581	76,954

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2021	31 DEC 2020
EQUITY AND LIABILITIES			
Equity	17		
Share capital		118,270	87,418
Share premium reserve		1,311,084	1,206,066
Other equity including result of the year		-1,548,677	-1,466,213
Total equity		-119,323	-172,729
Long-term liabilities			
Liabilities to other lenders	18	237,551	115,736
Total Long-term liabilities		237,551	115,736
Current liabilities			
Liabilities to other lenders	18	-	70,449
Accounts payable – trade		13,684	5,141
Income tax liability		403	19
Other liabilities		5,559	6,711
Accrued expenses and deferred income	19	30,708	51,627
Total current liabilities		50,353	133,948
TOTAL EQUITY AND LIABILITIES		168,581	76,954

CONSOLIDATED CHANGE IN EQUITY

KSEK	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER EQUITY INCLUDING RESULT FOR THE YEAR	TOTAL EQUITY
Amount brought forward	87,418	1,206,065	-1,466,212	-172,729
New share issue	30,852	112,648	-	143,500
Warrant premiums	-	-	2,783	2,783
Transaction costs	-	-7,630	-	-7,630
Result for the year	-	-	-69,471	-69,471
Translation difference	-	-	-15,776	-15,776
Balance carried forward	118,270	1,311,084	-1,548,677	-119,323

GROUP CONSOLIDATED CASH FLOW STATEMENT

KSEK	Note	1 JAN 2021 - 31 DEC 2021	1 JAN 2020 - 31 DEC 2020
Operating Activities			
Operating loss		-70,588	-97,836
Depreciation / amortization on assets		12,477	12,124
Adjustments for items excluded from cash flow statement	22	19,947	-10,856
Total operating activities		-38,164	-96,568
Interest paid and received		-65,174	-17,431
Taxation paid and received		7,223	5,346
Cash flow from operating activities before changes in working capital		-96,114	-108,652
Increase (-)/Decrease (+) of operating receivables		-3,155	11,866
Increase (+)/Decrease (-) of operating liabilities		-19,590	20,835
Cash flow from operating activities		-118,860	-75,901
Investing activities			
Payments to acquire tangible fixed assets		-387	-161
Payments to acquire intangible fixed assets		-11,595	-10,282
Change in financial assets		-2,358	-
Cash flow from investing activities		-14,340	-10,443
Financing activities			
New share issue		120,000	118,629
Cost of new share issue		-7,630	-11,418
New borrowings		270,000	15,000
Repayment of borrowings		-158,843	-20,931
Other changes in financing activities		1,289	690
Cash flow from financing activities		225,232	101,969
Net change in cash and cash equivalents		92,032	15,626
Cash and cash equivalents beginning of the year		20,063	4,437
Cash and cash equivalents end of the year		112,095	20,063

PARENT COMPANY INCOME STATEMENT

KSEK	Note	1 JAN 2021 – 31 DEC 2021	1 JAN 2020 – 31 DEC 2020
Operating income			
Net sales	3	1,978	2,405
Other operating income	3	2,593	739
Total operating income		4,571	3,145
Operating expenses			
Other external costs	5	-15,642	-17,763
Personnel costs	7	-	-9
Operating profit		-11,071	-14,627
Result from financial items			
Interest income and similar items	9	19,261	7,048
Interest expenses and similar items	10	-10,630	-17,856
Result from shares in group companies	11	-116,000	-
Loss after financial items		-118,441	-25,436
Result before tax		-118,441	-25,436
Tax on result for the year		-	-215
RESULT FOR THE YEAR		-118,441	-25,650

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2021	31 DEC 2020
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	14	283,063	281,690
Receivables from Group companies	15	315,557	179,415
Other non-current receivables		514	-
Total Financial assets		599,134	461,105
Total non-current assets		599,134	461,105
Current assets			
Current receivables			
Other receivables		1,169	666
Prepaid expenses and accrued income	16	737	522
Total current receivables		1,906	1,188
Cash and bank balances		97,945	7,435
Total current assets		99,851	8,623
TOTAL ASSETS		698,985	469,729

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2021	31 DEC 2020
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity			
Share capital	17	118,270	87,418
Total restricted equity		118,270	87,418
Non-restricted equity			
Share premium reserve	17	1,311,083	1,206,065
Other equity		-862,546	-838,184
Result for the year		-118,441	-25,650
Total non-restricted equity		330,098	342,230
Total equity		448,367	429,648
<i>Long-term liabilities</i>			
Liabilities to other lenders	18	235,747	13,231
Total Long-term liabilities		235,747	13,231
<i>Current liabilities</i>			
Liabilities to other lenders	18	-	17,636
Accounts payable – trade		10,644	3,014
Liabilities to Group companies		1,615	2,987
Other liabilities		497	570
Accrued expenses and deferred income	19	2,116	2,642
Total current liabilities		14,872	26,849
TOTAL EQUITY AND LIABILITIES		698,985	469,729

PARENT COMPANY CHANGE IN EQUITY

KSEK	SHARE CAPITAL	PREMIUM RESERVE	NON-RESTRICTED RESERVE	PROFIT / LOSS FOR THE YEAR	TOTAL EQUITY
Amount brought forward	87,418	1,206,065	-838,184	-25,650	429,648
Transmission of previous year's	-	-	-25,650	25,650	-
New share issue	30,852	112,648	-	-	143,500
Warrant premiums	-	-	1,289	-	1,289
Transaction costs	-	-7,630	-	-	-7,630
Result for the year	-	-	-	-118,441	-118,441
Balance carried forward	118,270	1,311,083	-862,546	-118,441	448,367

PARENT CASH FLOW STATEMENT

KSEK	Note	JAN 2021 - 31 DEC 2021	JAN 2020 - 31 DEC 2020
Operating Activities			
Operating loss		-11,071	-14,627
Depreciation / amortization on assets		-	-
Adjustments for items excluded from cash flow statement	22	254	619
Total operating activities		-10,817	-14,008
Interest paid and received		-20,627	-1,795
Taxation paid and received		-	-215
Cash flow from operating activities before changes in working capital		-31,445	-16,019
Increase (-)/Decrease (+) of operating receivables		-128,736	-79,830
Increase (+)/Decrease (-) of operating liabilities		7,984	1,276
Cash flow from operating activities		-152,197	-94,573
Cash flow from investing activities		-116,084	-
Financing activities			
New share issue		120,000	118,629
Cost of new share issue		-7,630	-11,418
New borrowings		270,000	15,000
Repayment of borrowings		-23,579	-20,931
Cash flow from financing activities		358,791	101,279
Net change in cash and cash equivalents		90,510	6,707
Cash and cash equivalents beginning of the year		7,435	728
Cash and cash equivalents end of the year		97,945	7,435

NOTES AND DISCLOSURES

NOTE 1. 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.

Consolidated accounts

The consolidated financial statements, formed by the parent company and all subsidiaries, cover all the operations until 31 December 2021. 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 Swedish Krona 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. Intra-group transactions and balance sheet items are eliminated in their entirety upon consolidation, including unrealized gains and losses between the group companies. In cases where unrealized losses on intra-group assets are reversed upon consolidation, the impairment needs of the underlying asset are also assessed from a group perspective.

Translation of foreign subsidiaries' income statements and balance sheets

The Swedish Krona 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. Exchange rate differences arising from translation of foreign operations are reported in equity.

Valuation principle

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

Profit and Loss

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.

Revenue recognition

Licenses

Legacy deals are based on term licenses for the use of the Teneo platform. This license gives the customer access to the Teneo Platform and allows the customer to build and then optionally host their solution. It is possible for the customer to host multiple solutions, multiple languages, or multiple platforms on a single license. Typically, the Licenses are signed for a term of one to three years and the group's experience is that the solutions become embedded in the customers business. License Fees are due and payable annually in advance. Whilst customers will generally contract for a one- or three-year agreement, they will tend to only accept an invoice annually in advance. Revenues from Term Licenses are recognized ratably over the life of the agreement.

Support and maintenance

As with all enterprise grade software solutions, Artificial Solutions provides support and maintenance. This forms a compulsory element of the Teneo Term License and covers the cost of maintaining and supporting the Teneo platform itself. For revenue recognition purposes, Artificial Solutions identify 17 per cent of the Term license fee as relating to Support and Maintenance. Whilst the customers Term license is current, they are entitled to receive any bugs or fixes applied to the Teneo Platform Software as well as being entitled to access and install the latest release of the software. Support and Maintenance covers the Teneo platform only and not the solution or use case that is built upon the platform. In the event the customer wants their solution maintained, then this is generally covered by a professional services agreement. Along with the Term License, Support and Maintenance is generally contracted for a two- or three-year term and invoiced annually with revenue recognized ratably over the life of the agreement.

Usage Fees

Based upon the actual usage of the platform by the end-user customer. Usage can be measured in many ways and is generally related to the business value obtained by the end user; usage fees therefore form a key element of the Business Model. The more functional the solution, the more use cases addressed, the more languages covered by the solution and the more channels supported for the user to access the Conversational AI solution, then the higher the usage and hence the more revenue to Artificial Solutions.

Software as a Service – subscription fees

SaaS cloud-base subscription is the new business model the company is focusing on. Revenues from the SaaS service is recognised on a straight-line basis, over the length the actual subscription period. These revenues are similar to the License Fee for the Legacy model.

API Calls

In SaaS cloud-based subscriptions, usage is measured through API Calls. Usage may be invoiced on a quarterly basis, in arrears. Revenues are recognized on an “as delivered” basis. These revenues are similar to the Usage Fees for the Legacy model.

Hosting

Although Teneo can be operated by the end user on their own servers, there are customers that want Artificial Solutions to operate their solution. In these cases, Artificial Solutions operates in the “cloud” via Amazon Web Services or equivalent with reserved instances to minimize costs. The customer is charged operating fees annually in advance and income is reported on a straight-line basis over the term of the agreement.

In SaaS cloud-based subscriptions, solutions are operated in the “cloud”, and there is no specific revenue stream for hosting as it is part of the subscription price.

Professional Services

Under the legacy business model, there are a number of different consultancy services provided to support the building of Teneo-based Conversational AI solutions: (i) Conversational AI development – the creation of a knowledge base on the Teneo platform to support different use cases or solutions; (ii) The integration of the platform into the customer’s existing architecture and integrations to other systems; (iii) Project Management to manage the overall project and coordinate various resources: and (iv) Data Scientists to review and analyze unstructured conversational data. All these activities are based solely on the Teneo platform. Due to the intuitive nature of the platform, these services may be delivered by Artificial Solutions, by an Artificial Solutions Partner or by the customer themselves. With the focus on the SaaS business model, most of the professional services assignments are carried out by a Partner of Artificial Solutions. Revenues from Professional Services is hence expected to continue to decrease over time.

Customers are invoiced for professional services on an “as delivered” basis at the end of each month or quarter depending upon the individual customer agreement. In many cases the customer will commit to taking delivery of a set number of consulting days, for which they will be given a discount to recognize the commitment, however these services are invoiced as delivered.

In order to ensure the availability of the correct level of resource for their project a further group of customers will commit to and pay for blocks of numbers of days of professional services for which they receive a greater discount. The average rate charged by Artificial Solutions does vary by country. Professional Services revenues are recognized on an “as delivered” basis.

Capitalized expenditure for software development

Artificial Solutions has its own dedicated organization for product research and development, with highly experienced software engineers and computational linguists specializing in natural language developments. Artificial Solutions operates three research and development centers. The centers are in Sweden, Spain, and Germany.

Artificial Solutions' R&D budget is earmarked primarily for the continuing improvement and enhancement of the Teneo Platform to ensure that the software continues to be the leading software in the market.

Product Development is also responsible for the group's patents that protect its technology platform. Patents range from the core Teneo product, through the training, data, and automation of building Conversational AI solutions to the hybrid approach used within the Teneo platform.

Development projects that are of significant value for the group 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, the intention is to use or sale the asset, 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 fully loaded cost of the developers 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. Any research cost or any development cost that do not meet the criteria of future economic benefit, remains in the profit and loss account as an expense of its own nature.

Remuneration to Employees

Short-term benefits

Short term benefits to employees, such as salaries, holiday pay and bonuses, are compensation to employees who fall due within 12 months from the balance sheet date in the year in which the employee earned the compensation. Short term compensation is valued at the undiscounted amount that the company is expected to pay as a result of the unused right.

Remuneration after termination of employment

The company provides post-employment benefits in the form of pensions through various defined benefit and defined contribution plans.

Defined contribution pension plans

The company pays established fees to other legal entities regarding several government plans and insurance for individual employees. The company has no legal or informal obligations to pay additional fees in addition to payments of the determined fee which is reported as an expense in the period in which it relevant service is performed.

Borrowing Expenses

Issue expenses and borrowing expenses other than interest are reported as a correction of the loan's acquisition value and are accrued as part of the loan's interest expense according to the effective interest method.

Interest Revenue

Interest income is recognized as it is earned. Interest income is calculated based on the underlying asset's return according to the effective interest method.

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 recognized 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.

Balance Sheet

Fixed assets

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

Capitalized expenditure for software development	5 years
Other intangible assets	5 years
Equipment, furniture, and fitting	5 years

A fixed asset is removed from the balance sheet in the event of scrapping or divestment or when no future economic benefits are expected from the use, scrapping or disposal of the asset.

Financial assets

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

Financial assets removed from the balance sheet when the obligations have been settled or otherwise discontinued.

Financial Instruments

Financial instruments that are reported in the balance sheet include accounts receivable and other receivables, investments, accounts payable, and loan liabilities.

The financial debt is removed from the balance sheet when the obligations have been settled or otherwise discontinued.

Accounts receivable and other Receivables are valued at acquisition value less feared losses.

Financial investments are initially recognized at cost and subsequently at cost less impairment.

Loan liabilities and accounts payables are initially reported at acquisition value after deduction of transaction costs.

Cash Flow

Cash Flow Analysis

The cash flow statement has been prepared using the indirect method whereby adjustments have been made for transactions that have not resulted in cash inflows and outflows.

Cash and cash equivalents include cash, bank balances and short-term investments with a remaining term of less than three months from the acquisition date

NOTE 2. 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 reasonable at the time the assessments are made. These estimates are based on historical experience and various other factors that are 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 from subscription and API call revenues under the SaaS business model. In arriving at these assessments Management has carefully assessed risks and opportunities on existing and future customer contracts, 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 Management's best estimates of future revenues and expenses. Several 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 influence the forecasted cash flows and the Group's ability to support the book value of 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.

NOTE 3. NET SALES AND OTHER OPERATING INCOME

Net sales split by geographical market.

KSEK	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Europe and rest of the world	21,279	37,292	1,978	2,405
USA	17,587	16,469	-	-
Total Net Sales	38,866	53,761	1,978	2,405
Other operating income	5,377	10,388	2,593	739

In 2020, the group recognized governmental furlough support as other operating income for an amount of 4,143 KSEK. In 2021 the same items amounted to 126 KSEK.

Artificial Solutions Iberia S.L. has received confirmation that its application for a tax refund in respect of R&D work performed in 2020, in accordance with the Spanish law "Ley del Impuesto de Sociedades, art. 35 ", has been approved. As such, the group has recognized the tax refund as Other Operating Income of 5,210 KSEK (6,180) during 2021 and which is expected to be received in cash during 2023.

Other operating income in 2021 in the parent company, refers mainly to revenues from services delivered to group companies and amounted to 2,593 KSEK (739 KSEK).

NOTE 4. OTHER EXTERNAL COSTS. LEASING COMMITMENTS

During 2021 the group's payments due to leasing commitments amounted to 2,457 KSEK (4,207). There were no payments for leasing commitments in the parent company.

FUTURE MINIMUM LEASE PAYMENTS AMOUNT TO:	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
- within one year	953	2,619	-	-
- later than one year but within five years	2,111	3,262	-	-
- later than five years	-	-	-	-
Total	3,064	5,881	-	-

NOTE 5. OTHER EXTERNAL COSTS. DISCLOSURE OF AUDIT FEE AND COST REIMBURSEMENTS

KSEK	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Grant Thornton				
Audit engagement	818	654	718	654
Tax consultancy	33	-	33	-
Other services	40	225	40	225
Others				
Audit engagement	-	80	-	-
Total	891	959	791	879

NOTE 6. RESTRUCTURING IMPACT

KSEK	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Restructuration impact	-19,714	15,399	768	318
Total	-19,714	15,399	768	318

Restructuring costs in the profit and loss statement are costs directly linked to cost reduction measures the group carried out in the last quarter of 2020. Total impact in 2021 is a net gain of 19,714 KSEK of which 1,704 KSEK are considered as personnel and other external costs, and 21,418 KSEK recognized as income on financial items (and these have no cash impact). In 2020, restructuring costs amounted to 15,399 KSEK, of which 13,236 KSEK were recognized as personnel costs and 2,163 KSEK were recognized as financial expenses.

NOTE 7. PERSONNEL COSTS. AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY CHARGES

AVERAGE NO. OF EMPLOYEES	2021 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE	2020 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE
Parent company				
Artificial Solutions International AB	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries				
Germany	4	2%	5	0%
Great Britain	-	-	21	24%
Italy	1	100%	1	100%
Netherlands	1	0%	4	0%
Spain	40	37%	40	38%
Sweden	13	22%	12	34%
United States of America	3	26%	12	63%
Total in subsidiaries	62	31%	95	34%

On December 31, 2021, the management team was composed by four men and two women.

In 2021, the voluntary liquidation process of Artificial Solutions UK Ltd., the fully owned subsidiary in the UK, was completed. The employees were made redundant, and the company ceased trading in December 2020.

SALARIES, REMUNERATIONS, ETC.	2021 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)	2020 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)
Parent company	-	-	-	-
Subsidiaries	51,135	16,873 (3,320)	94,325	16,510 (2,319)

Out of total personnel costs in 2021, 9,523 KSEK (6,963) have been capitalized as development expenditures.

SALARIES AND OTHER REMUNERATIONS ALLOCATED BY COUNTRY AND SPLIT BETWEEN MANAGEMENT AND OTHER EMPLOYEES	2021		2020	
	THE MANAGEMENT TEAM AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)	THE MANAGEMENT TEAM AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)
Parent company				
Sweden	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries in Sweden	13,457	5,055	2,925	7,953
Foreign Subsidiaries				
Germany	-	3,855	-	5,767
Great Britain	-	-	18,804	17,808
Italy	-	2,090	-	1,133
Netherlands	-	505	-	3,904
Spain	407	21,182	-	22,053
United States of America	664	3,920	2,059	11,919
Total in subsidiaries	14,528	36,607	23,788	70,537
	(2,556)	(612)	(2,749)	(375)

A total of 2,730 KSEK (740) of the Swedish subsidiary's pensions costs refer to the CEO and management team.

In December 2020, the group carried out a number of organizational adjustments, resulting in redundancies in different subsidiaries. The personnel costs derived from the restructuring were fully provisioned for in 2020. Following with the organizational adjustments from 2020, as of December 31, 2021, Artificial Solutions Italy has reduced its number of employees to 0. The cost linked to that reduction has been fully accrued in 2021.

Remuneration to the Chief Executive Officer

NAME	POSITION	SALARIES AND OTHER REMUNERATIONS (OF WHICH BONUS, PENSION ETC...)	
		2021	2020
Per Ottosson	CEO from 1st November 2020	5,973	994
Former CEO	CEO until 31st October 2020	-	6,675
		5,973	7,668
		(2,380)	(2,570)

Employment contract between the company and the CEO has been entered on an indefinite basis. Remuneration of the CEO is set by the Board's Remuneration Committee. The CEO employment contract has a mutual notice period of six months with a continued obligation to work. Notice period shall be given in writing.

Warrant Program Chief Executive Officer, SMT and Other Employees (*)

POSITION	WARRANT PROGRAMS (OF WHICH PERSONNEL COST)	
	2021	2020
CEO	298	-
Other Management team	2,124	1,190
Other Employees	732	512
Former employees (**)	3,620	2,288
	6,773	3,990
	(1,494)	(1,510)

Non-Swedish residents warrant holders do not have to pay a market-based warrant premium and is therefore a benefit. Consequently, the company recognizes the associated warrant costs as personnel costs (the costs are allocated based on the proportion of vested warrants during the period). The costs do not have any cash impact.

INCENTIVE PROGRAMS

There are five existing incentive programs. None of the three warrants programs have been exercised by the warrant holders on December 31, 2021. The most recent Incentive Program - the 2021/2024: Incentive Program - was approved at the Annual General Meeting held in June 2021.

Outstanding warrants per program and strike prices:

PROGRAMS	NUMBER OF WARRANTS	STRIKE PRICE (SEK)
2019/2022	195,628	49.30
2019/2024	824,709	32.87
2020/2025:1	229,000	17.70
2020/2025:2	126,966	17.70
2021/2024:1	2,011,581	8.70

(*) For further information about the warrant programs, see section ASAI Share - Incentive Programs.

(**) Reflects the warrants allocated to employees that are not employed by the company as of 31st of December of 2021.

Remuneration to the members of the board of directors

At the annual general meeting held on 18 June 2021, it was resolved that fees are to be paid for the period until next annual general meeting with the amount of 450,000 SEK to the chairman of the board and 300,000 SEK to each of the other members of the board, except for Fredrik Oweson who has renounced compensation for 2020 and 2021. Vesna Lindkvist was elected board member, and Bodil Eriksson declined the re-election as board member.

The table below sets forth the remunerations to the board members (6 members on 31st December 2021, whereof 2 are women):

NAME	Elected Year	Born	POSITION	REMUNERATION	
				2021	2020
Asa Hedin	2019	1962	Chairman of the board	450	450
Jan Uddenfeldt	2019	1950	Board member	300	300
Johan Ekessiö	2019	1954	Board member	300	300
Johan Gustavsson	2019	1963	Board member	300	300
Vesna Lindkvist	2021	1976	Board member	150	-
Bodil Eriksson	2019	1963	Former board member	150	300
Fredrik Oweson	2019	1968	Board member	-	-
Total				1,650	1,650

Warrant Program Board Members

POSITION	LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST)	
	2021	2020
Board Members	1,196	1,196
Total	1,196	1,196
	(-)	(-)

NOTE 8. OTHER OPERATING EXPENSES

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Disposal of intangible fixed assets	1,619		-	-
Other expensed fixed assets	65	5	-	-
Total	1,684	5	-	-

In 2021, the company has disposed 1,619 MSEK of intangible assets that were not in use.

NOTE 9. INTEREST INCOME AND SIMILAR ITEMS

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Interest income	40	417	5,863	4,202
Exchange rate gains	16,988	10,264	10,528	2,846
Other financial income	21,456	-	2,870	-
Total	38,483	10,681	19,261	7,048

In the parent company, 5,823 KSEK (3,854) of interest income and similar income statement items is income from group companies in 2021. 2,870 KSEK is the reversal of a provision from 2020 of a group company uncollectable.

At group level, there is a positive impact in 2021 of the voluntary UK subsidiary liquidation of 21,456 KSEK. Refer to Note 6.

NOTE 10. INTEREST EXPENSE AND SIMILAR ITEMS

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Interest expenses and similar items	28,056	37,136	3,535	6,792
Exchange rate losses	9,310	29,934	7,095	11,064
Total	37,365	67,069	10,630	17,856

Interest expenses and similar expenses for the group 2021 amounted to 28,056 KSEK of which 28,019 KSEK (27,217) refers to interest expenses to credit institutions.

NOTE 11. RESULT FROM SHARES IN GROUP COMPANIES

	PARENT COMPANY	
	2021	2020
Impairment of shares in subsidiaries	116,000	-

In the parent company, 116,000 KSEK (0) refers to the impairment of the participation in the group companies. This item is related to the refinancing and the structuring of it and is connected to the same effect in note 10 above.

NOTE 12. INTANGIBLE ASSETS

LICENSES & IP RIGHTS	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<i>Acquisition value b/f</i>	19,324	18,531	-	-
Purchases	109	1,137	-	-
Disposals	-	-	-	-
Exchange rate adjustments	-118	-344	-	-
Accumulated acquisition values c/f	19,315	19,324	-	-
<i>Amortization b/f</i>	-18,392	-18,528	-	-
Depreciations and amortizations for the year	-208	-218	-	-
Disposals	-	9	-	-
Exchange rate adjustments	-187	344	-	-
Accumulated amortization c/f	-18,786	-18,392	-	-
Residual value acc. to plan c/f	528	932	-	-

CAPITALIZED EXPENDITURE FOR DEVELOPMENT	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<i>Acquisition value b/f</i>	133,361	129,139	-	-
Purchases	11,486	9,965	-	-
Disposals	-14,171	-821	-	-
Exchange rate adjustments	3,101	-4,923	-	-
Accumulated acquisition values c/f	146,521	133,361	-	-
<i>Amortization b/f</i>	-104,520	-97,405	-	-
Depreciations and amortizations for the year	-11,844	-11,237	-	-
Disposals	-1,619	-	-	-
Exchange rate adjustments	-2,255	4,122	-	-
Accumulated amortization c/f	-118,619	-104,520	-	-
Residual value acc. to plan c/f	27,902	28,841	-	-

TOTAL INTANGIBLE ASSETS	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Net book value intangible assets	28,430	29,773	-	-

NOTE 13. TANGIBLE ASSETS. EQUIPMENT, FURNITURE AND FITTINGS

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
<i>Acquisition value b/f</i>	6,244	6,330	-	-
Purchases	387	161	-	-
Disposals	-2,168	-25	-	-
Exchange rate adjustments	-1,086	-222	-	-
Accumulated acquisition values c/f	3,377	6,244	-	-
<i>Depreciation b/f</i>	-4,990	-4,508	-	-
Depreciation for the year	-425	-670	-	-
Disposals	2,106	20	-	-
Exchange rate adjustments	826	167	-	-
Accumulated depreciation c/f	-2,483	-4,990	-	-
Net book value carried forward	894	1,254	-	-

NOTE 14. PARTICIPATIONS IN GROUP COMPANIES

INVESTMENT IN GROUP COMPANIES	PARENT COMPANY	
	2021	2020
<i>Acquisition value b/f</i>	1,122,240	1,121,550
Investment in subsidiaries during the year	-	-
Capital contributions to subsidiaries	117,373	690
Sales of subsidiaries	-	-
Remeasurement of contingent consideration	-	-
Accumulated acquisition values c/f	1,239,612	1,122,240
<i>Impairment value b/f</i>	-840,550	-840,550
Impairment losses recognized	-116,000	-
Reversal of impairment losses recognized in previous years	-	-
Exchange rate adjustments	-	-
Accumulated impairment c/f	-956,550	-840,550
Residual value acc. to plan c/f	283,063	281,690

THE COMPANY NAME	CORP. ID NO.	DOMICILE	EQUITY	PROFIT/LOSS THIS YEAR
Artificial Solutions B.V.	34162309	Netherlands	-90,979	-35,850
Artificial Solutions Scandinavia AB	556256-4657	Sweden	400	-2,050
Artificial Solutions Holding ASH AB	556734-1556	Sweden	190,677	-10,158
Artificial Solutions Iberia SL	B62059068	Spain	310	-42,517
Artificial Solutions Germany GmbH	HRB162917	Germany	316	-4,530
Artificial Solutions Italia S.R.L.	09663760016	Italy	3,449	35
Artificial Solutions Inc	98-1119596	United States	-59,639	-7,224

THE COMPANY NAME	NO. OF PARTICIPANTS	SHARE OF EQUITY %	BOOK VALUE
Artificial Solutions B.V.	200	100%	283,063
Artificial Solutions Scandinavia AB	1,000	100%	
Artificial Solutions Holding ASH AB	3,646,109	100%	
Artificial Solutions Iberia SL	500	100%	
Artificial Solutions Germany GmbH	1	100%	
Artificial Solutions Italia S.R.L.	1	100%	
Artificial Solutions Inc	1,000	100%	
			283,063

In 2021, Artificial Solutions International AB has made an unconditional shareholder contribution of 116,084 KSEK to Artificial Solutions Holding ASH AB.

In 2021, Artificial Solutions B.V. has made a shareholder contribution of 4,418 KSEK to Artificial Solutions Germany GmbH, 42,980 KSEK to Artificial Solutions Iberia SL, and a conditional shareholders contribution of 2,050 KSEK to Artificial Solutions Scandinavia AB.

In 2020, Artificial Solutions B.V. has made a shareholder contribution of 4,164 KSEK to Artificial Solutions Germany GmbH, 49,609 KSEK to Artificial Solutions Iberia SL, and a conditional shareholders contribution of 3,963 KSEK to Artificial Solutions Scandinavia AB.

As disclosed in Note 11, the parent company has impaired the value of its investment in the group.

On December 9, 2020, the company communicated its decision to streamline its legal structure with fewer subsidiaries to fit the new SaaS business and delivery model and organization. The main objective with these activities was to reduce our operating costs as well as simplifying our operations. On April 28, 2021, the shareholders of the UK entity ratified the decision to voluntarily liquidate the company. Consequently, the subsidiary is not included in the group numbers anymore and the impact has been accounted for in the second quarter 2021.

Following the decision of simplifying the legal structure of the group, Artificial Solutions (Netherlands) BV, a fully owned Dutch subsidiary, was voluntarily liquidated in December 2021. The liquidation was fully registered in the Dutch Companies House, with effective date December 29, 2021.

NOTE 15. RECEIVABLES FROM GROUP COMPANIES

RECEIVABLES FROM GROUP COMPANIES	PARENT COMPANY	
	2021	2020
Accumulated acquisition value		
Accumulated cost b/f	182,285	103,635
Additional receivables	133,272	78,650
Settlement of receivables	-	-
Accumulated cost c/f	315,557	182,285
Accumulated impairment losses		
Accumulated write-downs b/f	-2,870	-
Write-downs during the year	2,870	-2,870
Accumulated write downs c/f	-	-2,870
Net book value carried forward	315,557	179,415

SALES & PURCHASES GROUP COMPANIES	SALES		PURCHASES	
	2021	2020	2021	2020
Artificial Solutions Iberia SL	1,238	739	1,615	2,649
Artificial Solutions Inc	1,345	-	-	-
Artificial Solutions Scandinavia AB	-	-	-	286
Total	2,583	739	1,615	2,935

Out of the previous information, the parent company as lender, has charged to Artificial Solutions Holding, ASH AB interest of 5,823 KSEK (3,854 KSEK).

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Prepaid rent	150	403	-	-
Prepaid Insurance	168	758	62	-
Prepaid Licenses	1,016	512	330	65
Accrued Financial Cost	167	-	167	301
Accrued Income	1,202	2,761	-	-
Other items	2,320	1,691	177	156
Total	5,022	6,125	737	522

NOTE 17. CHANGE IN EQUITY

Proposal for the treatment of the unappropriated earnings

The group

The group's non-restricted equity amounted to -237,593 KSEK of which -69,471 KSEK are losses for the current year.

The parent company

The following are available for appropriation at the annual general meeting:

	2021
Share premium reserve	1,311,083
Other equity including results from previous periods	-862,546
Result for the year	-118,441
Total	330,097
The board proposes that the following be carried forward	330,097
Total	330,097

Artificial Solutions' share capital amounted to 118,269,700 SEK distributed across 65,705,389 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.80. All shares have been fully paid and are freely transferable.

NOTE 18. LIABILITIES TO LENDERS

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Long-term liabilities				
Liabilities to other lenders	237,551	115,736	235,747	13,231
Total	237,551	115,736	235,747	13,231
Current liabilities				
Liabilities to other lenders	-	70,449	-	17,636
Total	-	70,449	-	17,636
Grand total interest-bearing liabilities	237,551	186,184	235,747	30,867

In 2020, the group had outstanding debt with related parties, see Note 21. There are no financial liabilities with related parties existing on December 31, 2021.

On December 2021, the parent company has entered into a 5-year credit facility agreement of 250 MSEK. The interest rate is STIBOR + 9.5%. Interest is calculated on a quarterly basis and is capitalized over the five-year maturity of the credit. The credit facility carries customary covenants for a PIK loan.

NOTE 19. ACCRUED EXPENSES AND DEFERRED INCOME

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Accrued compensations incl. social charges	11,673	34,253	-	285
Accrued board fees	-	250	-	250
Deferred income	13,238	10,020	461	792
Other items	5,797	7,105	1,655	1,316
Total	30,708	51,627	2,116	2,642

NOTE 20. PLEDGED ASSETS AND WARRANTIES

PLEDGED ASSETS	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Cash and cash equivalent	2,500	2,500	-	-
Business mortgages	62,185	57,498	9,600	9,600
Shares in subsidiaries	41,085	34,375	283,063	-
Total	105,770	94,373	292,663	9,600

Other Securities

As a result of the accession into a credit facility agreement with a third party, the company was required to secure the facility by constituting securities on the majority of its subsidiaries. All shares in Artificial Solutions Holding ASH AB, Artificial Solutions BV, Artificial Solutions Iberia SL, Artificial Solutions Germany GmbH, Artificial Solutions Inc and Artificial Solutions Scandinavia AB, have been pledged.

Contingent liabilities

Artificial Solutions has not been part to any governmental, legal or arbitration proceedings (including proceedings which are pending or threatened of which Artificial Solutions is aware might occur) during the past twelve months, which may have or have had in the recent past, significant effects on Artificial Solutions' financial position or profitability.

NOTE 21. 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	
	2021	2020	2021	2020
Management shareholders	-	192	3,340	4,710

Sales and purchases of services and goods between related parties are negotiated based on the arm-length principle. See also note 7 for disclosure about key management compensation.

On 30 April 2020, Artificial Solutions entered into a lease agreement with Vencom Property Partners AB (wherein Johan A. Gustavsson is chairman of the board). During the third quarter 2021, Artificial Solutions has terminated part of the lease agreement for its Headquarters office with Vencom Property Partners AB. The terms of the lease are 0.6 MSEK per annum. The agreement is at market rates. The agreement has been cancelled and ends on April 30, 2022.

The group also purchases consulting services from ASH&Partner AB, a company controlled by Åsa Hedin, Chair of the board of directors, at a rate of 30,000 SEK per month.

The Consulting Services agreement existing with JUTechnology LLC, a company controlled by board member Jan Uddenfeldt at a rate of 21,660 SEK per month, has discontinued on July 1, 2021.

On October 4, 2020, the parent company entered into a convertible loan agreement with Nice & Green S.A. ("N&G"), which after conversions in 2020 and 2021 became shareholder in the company. Consequently, N&G has been identified as a related party. N&G has received payment for, so-called, commitment fees related to the issues of convertibles made. .

The Group has the outstanding balances with related parties of 188 KSEK (16,134 MSEK). As referred in previous paragraph, the company didn't report in 2020 liabilities with N&G. To amend this, the company has restated 2020 liabilities by including N&G balance as of December 31, 2020.

	RECEIVABLES		LIABILITIES	
	2021	2020	2021	2020
Management shareholders	-	-	188	16,134

NOTE 22. ADJUSTMENTS FOR ITEMS EXCLUDED FROM CASH FLOW STATEMENT

	THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Translation differences	-482	-747	-	621
Tax (R&D)	-5,210	-6,095	-	-
Group Companies Liquidation	23,812	-	-	-
Other items	1,827	-4,014	250	-2
Total	19,947	-10,856	250	619

NOTE 23. SIGNIFICANT EVENTS AFTER THE PERIOD

In 2022, the company has experienced additional commitments from existing customers and new SaaS customers. Medtronic, a healthcare industry customer, has extended its commitment to Teneo, signed a new contract and agreed to move from the license model to the SaaS model and cash handling company Loomis, signed a new license contract for one additional year. In addition, through our partner CGI, a large healthcare provider has committed to a three-year licensing agreement to use Teneo.

The company has and will continue recruiting key staff to support the new business and delivery model and our strategy. Main focus is currently to strengthen the sales team to further support our SaaS growth.

In January 2022, the company received cash payment of SEK 6.4 M from the Spanish Tax Authority following completed R&D review of R&D investments carried out in 2019.

The Ukraine-Russia conflict started in February 2022. Our company has no operations nor customers in Ukraine or Russia and has not experienced any negative impact during the beginning of 2022 due to war between the two countries. The impact on business activity in general and for our industry cannot be ruled out, but the company does not expect any major negative impact from the conflict.

STOCKHOLM, MAY 5, 2022

Per Ottosson

Managing Director

Åsa Hedin

Chair of the Board

Vesna Lindkvist

Board Member

Johan A. Gustavsson

Board Member

Johan Ekesiö

Board Member

Fredrik Oweson

Board Member

Jan Uddenfeldt

Board Member

Our auditor's report was submitted on May 6, 2022.

Grant Thornton Sweden AB

Carl-Johan Regell

Auditor

Ida Sparrfeldt

Auditor

AUDITORS REPORTS

AUDITOR'S REPORT

To the general meeting of the shareholders of Artificial Solutions International AB (publ)

Corporate identity number 556840-2076

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Artificial Solutions International AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 34-77 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises report pages 1-33 and 82-83 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the

company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Artificial Solutions International AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the

members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm May 6, 2022

Grant Thornton Sweden AB

Carl-Johan Regell

Authorized Public Accountant

Auditor in charge

Ida Sparrfeldt

Authorized Public

Accountant

Definitions

FINANCIAL MEASURES	DESCRIPTION
Net Sales	Reported net sales.
Net Sales Adjusted	Is calculated as the total Net Sales plus adjustment of usage revenue. The adjustment is done to align historical reported usage revenue to the new business model principles. Refer to page 37 for adjusted* usage revenue
Recurring Revenue	Combined amount of revenue derived from Usage, License and Support revenues.
Recurring Revenue Adjusted	Combined amount of revenue derived from Usage, License and Support revenues considering adjusted usage revenue. Refer to page 37 for adjusted* usage revenue.
Adjusted Recurring Revenue as % Total Adjusted Revenue	Is calculated as the total adjusted recurring revenue in the period as a percent of Adjusted Total Revenue from Operations in the period.
Usage Revenue	The amount of revenue derived solely from the usage of the Teneo Platform.
Adjusted Usage Revenue	The amount of revenue derived solely from the usage of the Teneo Platform. Refer to page 37 for adjusted* usage revenue.
SaaS ARR	Annual Recurring Revenue based on last month in quarter New Business Model Recurring Revenue (Monthly Recurring Revenue x 12 months).
Gross Profit	Is calculated as the total Net Sales subtracted with the total cost of services, commission and cost of utilized staff related to Customer Success department.
Gross Margin, %	Is calculated as the total Gross Profit expressed as a per cent of total revenue in the period.
Adjusted EBITDA	Earnings before interest, tax, depreciation, and amortization adjusted for the one-off items and restructuring costs.
Solidity	Equity as a percentage of total assets.
Average number of shares before dilution	Average number of outstanding shares during the period.
Average number of shares after dilution	Average number of shares during the period including impact from outstanding warrants.
Average number of employees	Average number of employees, calculated on a full-time equivalent employee basis.
Earnings per share before dilution	Net profit for the year divided by the number of shares at the end of the period.
Earnings per share after dilution	Net profit for the year divided by the number of shares at full dilution at the end of the period.

Artificial Solutions® is the leading specialist in Conversational AI. We enable communication with applications, websites, and devices in everyday, humanlike natural language via voice, text, touch, or gesture input.

Artificial Solutions' advanced conversational AI Teneo®, allows business users and developers to create sophisticated, highly intelligent applications that run across 86, multiple platforms, and channels in record time.

The ability to analyse and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of data 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, conversational bots, 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.

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