

ARTIFICIAL
SOLUTIONS

Annual Report 2022



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Letter from the CEO

Dear Shareholders, Colleagues, Customers, and Partners,

At the beginning of 2021, we took a new product to the Global market. Built on decades of experience and eight foundational discoveries that are our patents, we designed a SaaS platform that is open to any AI service and manages the difficult task of building and enhancing human dialogues. We now have twelve very large US and European customers on this platform. Thanks to our design, they are free to use any AI services they wish, which of course, with the development of Large Language Models such as ChatGPT, will bring tremendous value to these customers. And we grow with them. Since launching at the end of Q1 2021, our ARR (Annual Recurring Revenues) has grown 60-fold from 0.5 MSEK to 30.2 MSEK in Q1 2023 on this SaaS platform. This remarkable growth in the Enterprise B2B SaaS market speaks volumes about our dedicated team's hard work and the potential of our platform.

Market Leader

It is noteworthy that our endeavors have positioned us as the front-runner in the "Virtual Assistant" Contact Center space, accounting for 15% of global traffic in this space. Our strategic partnerships with top tier enterprises have been crucial in achieving this milestone. We are now poised to capitalize on the rapidly expanding market.

Investing in the Market

To maintain our leadership and outperform competitors, we have decided to invest further in product development and expand our sales and marketing efforts in Europe and the United States.

Although our current negative cash flow may deviate from traditional financial norms in today's stock market setting, we believe that the immense potential of our platform justifies this decision.

As shareholders, your ownership stake in our company, however small, can yield far greater returns than a larger share in a company that fails to seize the opportunities before us.



OpenQuestion – Enabling Fast Deployment of Exceptional Customer Service

The substantial market potential that we are strategically positioned to address focuses on enhancing customer experience. In the past, human operators were instrumental in linking customers with the relevant internal departments, as the switchboard served as the company's interface with its customers. The shift towards cost-efficient keypad navigation systems, or Interactive Voice Response (IVR) systems, has led to a deterioration in customer experience. We all have been there, listening to the alternatives and keys to press but struggling to remember and chose correctly. Currently, 78% of companies in the English-speaking world employ these unwieldy systems, as reported by Contact Babel.

Our state-of-the-art solution, OpenQuestion, developed on the Teneo platform, seeks to reinstate the customized engagement of traditional switchboard interactions. By enabling customers to express their inquiries in an unstructured manner, OpenQuestion quickly and accurately understands their needs, obtains additional information if required, and directs them to the suitable party. Swisscom, a prominent user of OpenQuestion in four languages, has recently been honored with the esteemed Connect award for exceptional customer service and best-in-class IVR performance.

As we continue to innovate and bring value to the market, we are confident that our solutions will improve customer experiences and capture a significant share of this lucrative market opportunity.

I would like to express my deepest gratitude for your unwavering support and confidence in our vision. Together, we will continue to make history and redefine the landscape of the industry.

Best,

Per Ottosson

CEO, Artificial Solutions

ARTIFICIAL SOLUTIONS

2022 IN SUMMARY



STRONG GROWTH IN HIGH GROWTH MARKET



+48%

Market Growth p.a.

(*) Gartner



96 MSEK

Secured Financing



>14m

**Monthly SaaS
API call volume**



>167%

**SaaS ARR
growth YoY**

Key Events

- Conversational IVR solution, OpenQuestion launched to help contact centers reduce misrouted calls.
- ISO 27001 Certification.
- Release of Encryption functionality within our Teneo Platform to run our service end-to-end with encrypted data.
- Three-year SaaS agreement signed with one of the world's largest National Healthcare Providers, through our partner CGI.

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. 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 73-98% more energy efficient than in a traditional data center.

Through our partnership 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: Microsoft](#)

Our Commitment to a Sustainable Future

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 33% women in senior positions and during 2022, the board of directors consist of 50% women. 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.

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.

Management Team





Per Ottosson

Born 1970. CEO since 2020.

Education: Master 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: 990,901 shares and 200,000 warrants 2021/2024.

Fredrik Törgren

Born 1976. CFO since 2020.

Education: Master in 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: 760,000 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: 3,709 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. Master 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: 122,383 shares and 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: 177,508 shares, 54,580 warrants 2019/2024, 77,500 warrants 2020/2025 and 150,000 warrants 2021/2024.



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.

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 four members including the chairman, appointed for the period until the end of the 2023 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
Johan A. Gustavsson	Board member	2019	Yes	Yes
Vesna Lindkvist	Board member	2021	Yes	Yes
Paul St. John	Board member from May 2022	2022	Yes	Yes
Fredrik Oweson	Former board member (inactive since Jan 2023)	2019	Yes	No
Jan Uddenfeldt	Former board member (inactive since May 2022)	2019	Yes	Yes
Johan Ekesiöö	Former board member (inactive since May 2022)	2019	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, Univ. of Minnesota.

Experience: Chair of Tobii Dynavox AB. Board member Nolato 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: 161,023 shares.

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 and Founder of Vencom Group, Albator and of Aros Bostadsutveckling, 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: 4,574,562 shares, privately and through companies.



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.

Paul St. John

Born 1967 Board member since 2022.

Education: Bachelor of Arts in History from Emory University and a Juris Doctor Degree in Criminal Justice and Correction from DePaul University. Technology.

Experience: Vice President Worldwide Sales at Github, Vice President Global Sales at Alfresco and held senior sales executive roles in Riverbed Technology and EMC

Holdings in Artificial Solutions: No shares; 115,000 warrants 2021/2024:1.



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' 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' shares and shareholders can be found on pages 32–33.

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 can be held either remotely or physically 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 sets the principles for the appointment of 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.

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 2023 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 2023 AGM Included:

The company announced a new composition of the Nomination Committee on April 20, 2023:

- ♦ **Sven Härgestam**, appointed by Arpeggio AB and Mr Härgestam's private holdings, combined the largest shareholder in Artificial Solutions.
- ♦ **Carl Thelin**, appointed by SEB-Stiftelsen, the second largest shareholder in Artificial Solutions.
- ♦ **Johan A. Gustavsson**, appointed by Vencom Group Holding, AB Couronne and Mr Gustavsson's private holdings, combined the fourth largest shareholder in Artificial Solutions.
- ♦ **Åsa Hedin**, Chair of the Board of Directors.

The new Nomination Committee was established as the previous members no longer represent the largest shareholders. The previous Nomination Committee consisted of:

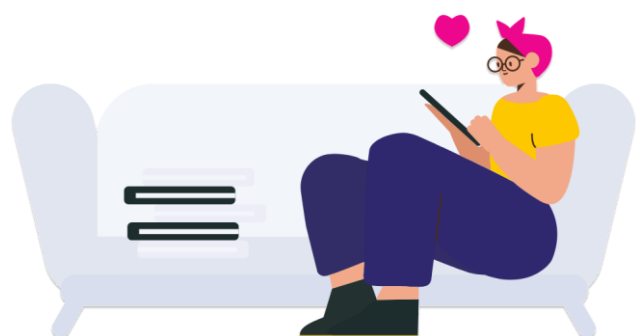
- ♦ **Andreas Ossmark**, appointed by Scope
- ♦ **Bengt Kileus**, appointed by AFA Försäkring
- ♦ **Henrik Söderberg**, appointed by C Worldwide
- ♦ **Åsa Hedin**, Chair of the board of directors.

BOARD OF DIRECTORS

The board of directors assumes ultimate responsibility for Artificial Solutions' 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 four members, including two women and two 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' 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 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 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 has a unique member, Åsa Hedin. Until Fredrik Oweson resignation as a Board member in January 2023, the Audit Committee consisted of Fredrik Oweson (chairman) and Åsa Hedin. Following Mr. Oweson's resignation, Johan A. Gustavsson has been the interim replacer.

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 2022. The auditor reports their observations to the Audit Committee on a regular basis.

Remuneration Committee

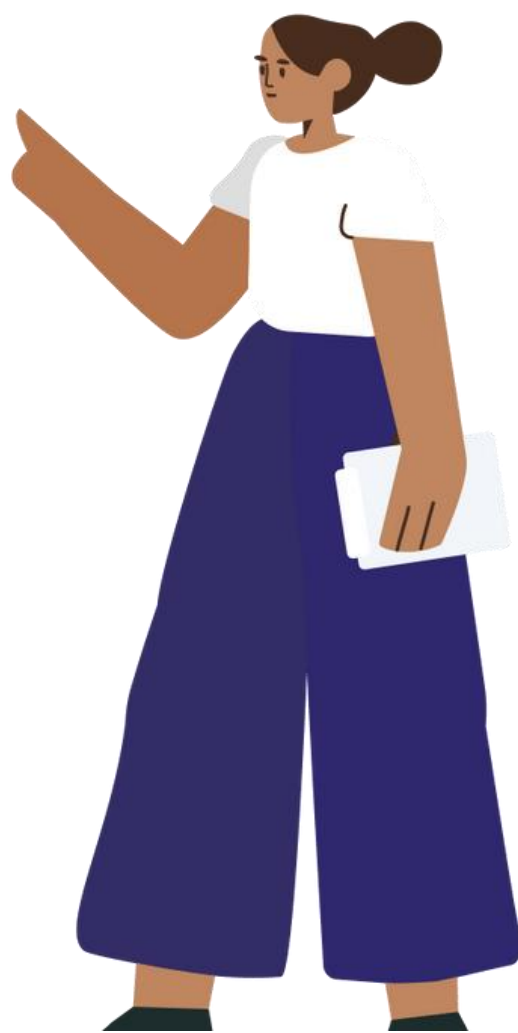
The Remuneration Committee deals with issues concerning the principles behind remuneration and other terms of employment for the CEO and company management. The committee evaluates ongoing remuneration schemes for company management and observes and evaluates the application of the guidelines for remuneration resolved on at the AGM. The Remuneration Committee consists of Johan Gustavsson, Åsa Hedin and Vesna Lindkvist. The Remuneration Committee held a total of nine meetings in 2022.

CEO

The CEO is responsible for Artificial Solutions' 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 May 30, 2022, resolved to appoint the registered accounting firm Grant Thornton Sweden AB as authorized 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.





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 2022 (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. The parent company owns 100% of its subsidiary, Artificial Solutions Holding ASH AB, org no. 556734-1556, following acquiring the minority interest of 0.7% of the share capital during 2022.

Artificial Solutions Holding ASH AB, in turn owns 100% of the subsidiary Artificial Solutions B.V., org no. 34162309.

Artificial Solutions B.V. owns 100% of four operating entities in Sweden, Spain, Germany and the US (with full indirect ownership on the US subsidiary through the Swedish operating entity).

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.

RESEARCH AND 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. The activities are focused on continuous improvements of the Teneo platform. A total of 13.2 MSEK (11.7) was invested in capitalized development expenses as capital expenditures during the year and the total capitalized development expenses in the balance sheet amounted to 31.9 MSEK (28.4).

OPERATIONS

Artificial Solutions® is a leader in AI. Our platform, Teneo, is used by millions of people across hundreds of private and public sector SaaS deployments worldwide. Our solution, OpenQuestion, optimizes routing for Contact Centers to better serve customers and reduce costs. Teneo.ai, Teneo and OpenQuestion are registered brands by Artificial Solutions.

Our vision is a world without queues, without keypad navigation, with instant service. We're proud to transform the customer experience for hundreds of millions of consumers around the world, powering millions of interactions every day across our enterprise client base. Our customers replace traditional phone keypad-based menus with welcoming, short, and precise full sentences — OpenQuestion. The solution is powered by our award-winning SaaS- platform Teneo, which runs across 86 languages and dialects and is fully integrated with call center and contact center systems.

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 2022, Artificial Solutions kept 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. This resulted in the company being awarded the ISO 27001 certification beginning of 2023. The ISO 27001 certification also covers processes for internal control.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2022

Tax Credit Refund

In January 2022, the R&D tax credit refund for 2019 was received, 6.4 MSEK.

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 external valuation indicated 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 industry (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 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.

Reverse Share Split

The annual general meeting held on 30 May 2022 in Artificial Solutions International AB (publ) resolved on a reverse share split, whereby ten (10) existing shares were consolidated into one (1) new share (1:10). The general meeting resolved to authorize the board of directors to determine the record date for the reverse share split, which was determined to the June 22, 2022. After the reverse share split, the number of shares in the company were 6,570,538, entailing a quota value of approximately SEK 18 after the reverse share split.

Major Teneo Platform Release

Teneo is the most developer friendly platform in the conversational AI industry. The platform is continuously further developed and additional features added. With a SaaS model, all SaaS customers can instantly access new functionalities.

New Web Interface

The Teneo Platform 7.0 release introduces a completely new Studio Web User Interface (UI). It does not only bring the actual web experience, but also an improved user experience (UX) with focus on guidance and simplification, where information gradually is exposed when required in the dialogue development process. The new Studio Web is an additional UI to Teneo Studio Desktop with collaboration features enabling parallel development against the same solution, including locking of documents in edit mode, avoiding multiple users editing the same document at the same time, for example.

Simplified Solution Creation

The process of creating a new solution and starting to work with it has been simplified. Users are now guided through solution creation in three simple steps: selecting the language, confirming the solution content, and giving the solution a name. Any new solution will have lexical resources assigned by default and it is now possible to create documents directly under the solution root, without first having to add a folder structure.

Flow editor

The Flow editor has been reworked, bringing the guided and simplified user experience introduced in Studio Web across and allowing users to click Plus icons in the Flow graph to add nodes and elements where relevant options are displayed exponentially. The changes still allow experienced Studio desktop users to work as they are used to, if desired, but will at the same time make the desktop a familiar place for Studio web users and ensuring that the two UIs clearly state that they are part of the same family.

TENEO: Encryption

As we continuously release new functionality in Teneo, the platform delivers more value to our clients every month. One specific delivery which is key to growth in some customers is that Teneo can now run our service end-to-end with encrypted data. This is an industry first and enables anyone to use a Cloud based solution. This is key for Healthcare and Telecommunications verticals but useful for all industry verticals.

R&D Tax Credit Approved

In December 2022, the R&D tax credit for 2021 was approved, which means that the company can expect to receive a cash tax refund of approximately 5 MSEK in January 2024. The impact of the transaction has been recognized, at group level, as other income.

OpenQuestion

Our solution, OpenQuestion, is built on the Teneo platform and designed to re-introduce the personalized touch of traditional switchboard experiences. OpenQuestion allows customers to simply state their inquiry in an open-question format. Our intelligent system interprets their requests, asks clarifying questions if needed, and connects them to the appropriate party. Once this is deployed the platform allows for automations in all channels. It is the developments in the AI space in the last year that has made this product possible to take to market.

By offering OpenQuestion as a value-added layer on top of Teneo.ai, we anticipate a streamlined sales cycle, and once sold delivering substantial cost savings and enhanced customer experiences within a 90-day timeframe. In contrast, marketing Teneo.ai as a standalone service without OpenQuestion typically necessitates customer experimentation and evaluation prior to adoption.

US Patent for Network of Knowledge Using a Common Communication

In December 2022, Artificial Solutions was granted with U.S. Patent No. US20220019904A1 for its groundbreaking invention, "Network of Knowledge Using a Common Communication Protocol."

The patented technology is a network of knowledge that combines different AI bots using a common communication protocol called NOK. A designated bot acts as a gateway through which all queries are passed while using the NOK protocol to draw information and capabilities from member bots transparently to the user. The invention also includes eagerness scores, derived for each member and each query, indicating a given bot's ability to respond well to the query. Eagerness may be used to provide recommendations to the gateway for a specific member to handle a given query.



Legal Company Changes

Since the fourth quarter of 2020, the company has communicated its decision to simplify its legal structure with fewer operating/non-operating subsidiaries. The main objective with these activities is to reduce our operating costs as well as simplifying our operations.

In December 2022, the company continued with the decision of simplifying the legal structure by voluntarily liquidating our Italian entity, Artificial Solutions Italia SRL. The unit has no employees and was voluntarily liquidated by year end 2022 to reduce our operating costs.

The existing customers were transferred to another operating entity, and the transaction is not expected to have any revenue impact but a positive impact on our operating expenses in 2023.

Sales Development

Revenue Model, KPI's and Financial Targets

The company introduced the SaaS business and delivery model in the fourth quarter of 2020. Our financial targets were announced in the third quarter of 2022 and are:

- >1 billion API calls during 2024
- >200 MSEK in ARR during 2025
- Cash flow positive from operations during 2024
- A long-term EBITA margin exceeding 30% in a mature state

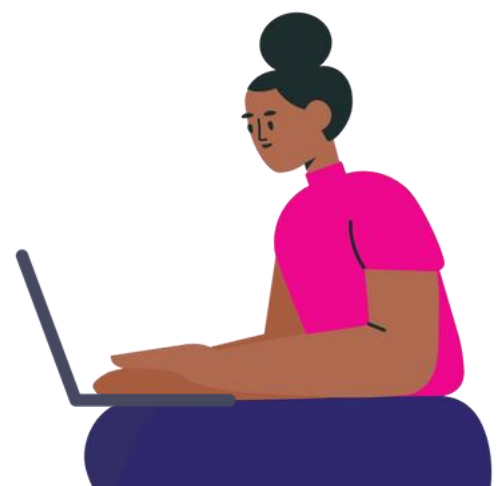
Focus for the company operationally to reach these targets is to grow the monthly SaaS API volumes, increase recurring revenues increase ARR - SaaS ARR in particular –and increase % recurring revenues/SaaS revenues.

In our SaaS business model, revenue recognition happens at the actual usage/consumption of the product/services and any increases/decreases in the monthly recurring revenues are instantly captured in the SaaS ARR metric.

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

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 searchable data.

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. On top of 1-3, revenues can also be generated from providing of Expert services.

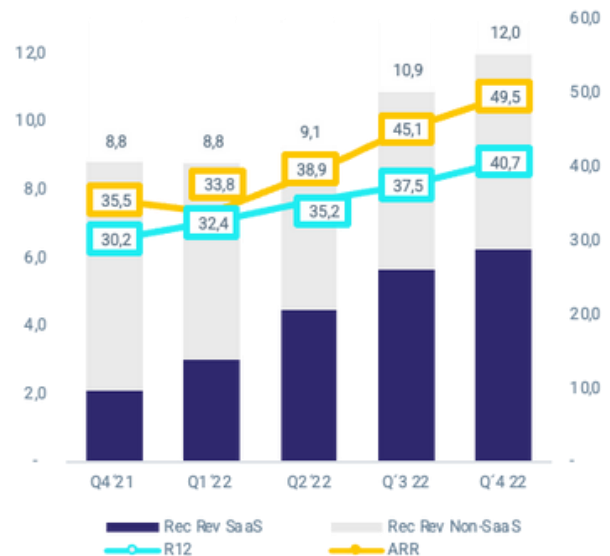


Professional services are no longer in focus for us as a company as we prefer our partners to provide the professional services to customers. Subscription revenues in 1. are part of License & Support, API call revenues in 2. and Teneo Data revenues in 3. are part of Usage, and Expert Services are part of Other. Recurring revenues consist of License & Support, and Usage revenues, where 1-3 above in the SaaS model are also included.

Recurring revenues and ARR

As the company has a mix of customers on the SaaS and the non-SaaS payment model, the recurring revenues are measured on historical actual revenues from our existing customer contracts while the ARR is more forward-looking (based on monthly recurring revenues from SaaS x 12 months). The ARR metric is more accurately highlighting the value in our customer contracts. The recurring revenues metric coupled with our annual recurring revenues (ARR) metric highlights the strength of our installed base of customers, the underlying value of customer contracts as well as the increase/decrease in them.

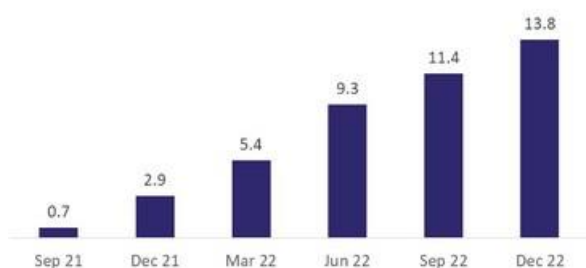
The recurring revenues derived from SaaS customers for the last quarter of 2022 amounted to 6.2 MSEK and constituted 52% of total recurring revenues, 12.0 MSEK, and 48% of net sales. This number will grow as we add more customers to the SaaS model, ramp up existing customers in terms of API call increases and as we continue to convert existing customers to the SaaS model. Our Expert Services revenues will be lower than historically due to our focus on recurring revenues.



An important KPI to follow is the API call volumes development on the SaaS model, as this metric is linked to the API call revenues generated by SaaS customers. This metric coupled with the SaaS ARR are also part of our new financial targets. The reported API call volumes from SaaS customers are the last month API call volumes in the quarter. Over time there will be alignment with the SaaS ARR (annual recurring revenues) and API call volumes reporting.

The monthly SaaS API call volumes in active customers, increased to 13.8 million in December 2022 from 2.9 million in December 2021, equivalent to 373% growth. See the graph below from December 2021 for graphical details.

SaaS API Calls* (million) + 373% Dec 21-Dec22

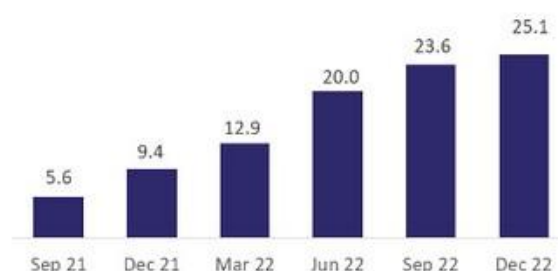


The existing non-SaaS customers experienced 5% API call volume growth between full year 2021 and full year 2022. The API calls generated by non-SaaS customers are not always directly linked to the Usage revenues and for that reason we are not disclosing the volumes. The growth in API call volumes has continued into 2023. The existing non-SaaS customers experienced 20% API call volume growth between March 2022 and March 2023 and the SaaS API call volume grew with 251% between March 2022 and March 2023.

A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero. At the end of the fourth quarter of 2022, we had 12 customers on the SaaS model. This corresponds to 8 net new SaaS customers over the last 12 months. This proves the efficiency of the business model based on growth on revenues as API calls grow.

SaaS ARR (annual recurring revenues) is defined as the monthly (end of quarter month) recurring revenues generated in the SaaS model multiplied by 12 (months). The SaaS ARR in December 2022 amounted to 25.1 (9.4) MSEK, an increase from 9.4 MSEK in December 2021, equivalent to a growth of 167%. ARR on total business amounted to 49.5 MSEK in December 2022, an increase from 35.5 MSEK in December 2021, equivalent to a growth of 39%.

SaaS ARR (MSEK) + 167% YoY



The recurring revenues (Usage, License and Support) for the fourth quarter 2022 amounted to 12.0 MSEK (8.8), equivalent to 92% (90) of net sales and an increase of 36% compared with the same period last year. The usage revenues (Usage) for the fourth quarter 2022 amounted to 5.7 MSEK (3.3), equivalent to 44% (34) of total net sales and an increase of 72% compared with the same period last year. Below is a table showing the quarterly revenues from the fourth quarter 2021 to the fourth quarter 2022 split by License & Support, Usage and Other and the combined recurring revenues.

MSEK	OCT-DEC 2021	JAN-MAR 2022	APR-JUN 2022	JUL - SEP 2022	OCT - DEC 2022
License & Support	5.5	5.6	5.5	6.0	6.2
Usage	3.3	3.2	3.6	4.9	5.7
Other	1.0	1.4	1.1	1.5	1.0
Total Net Sales	9.8	10.1	10.2	12.4	13.0
<i>(*) Of which Recurring Revenues</i>	<i>8.8</i>	<i>8.8</i>	<i>9.1</i>	<i>10.9</i>	<i>12.0</i>

On a rolling 12-month basis the recurring revenues (Usage, License and Support) in the fourth quarter 2022 amounted to 40.7 MSEK (30.2), equivalent to 89% (78) of total net sales and an increase of 35% compared with the same period last year.

Commercial Development

Net sales for the year 2022 amounted to 45.7 MSEK (38.9), equivalent to an increase of 18% compared to the same period last year. The recurring revenues (Usage+License+Support) for the year 2022 amounted to 40.7 MSEK (30.2), equivalent to 89% (78) of total net sales. A high percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our SaaS model.

During 2022, Artificial Solutions signed, through our partner CGI, a three-year SaaS agreement with one of the world's largest National Healthcare Providers.

Renewal agreements have for instance been signed with HelloFresh, A1 Bulgaria, GrapeTree, Skoda and Scania, among others.

During 2022 the company strengthened its focus on the partner channel by signing a number of partnership agreements with companies among others, such as with CGI, MS, and Neudesic.

Also, during 2022 some existing customers such as AT&T, Swisscom, Webank, Widiba, TIAA have renewed their non-SaaS contracts.

SIGNIFICANT EVENTS AFTER 2022

Customers

During 2023, the company has signed several renewal agreements. Renewal agreements have been signed with the Italian bank Widiba and with the Swedish insurance company Folksam. A1 Bulgaria, a Telecommunications services and ICT solutions provider and part of the América Móvil Group, has gone live with 'AVA', a self-service digital agent to drive a better customer experience and to reduce costs, based on Artificial Solutions® Teneo. In April 2023, the company signed SaaS renewal agreements with a Global American Tech company and Medtronic, one of the largest medical device companies in the world with operations in more than 150 countries.

Partnership Key to our Strategy

Artificial Solutions operational model is built on partnering with different companies, mainly system integration partners, who sell, develop, and deliver different types of IT/CX projects to end corporate customers.

In February 2023, Artificial Solutions signed a partnership and customer agreement with Accelerate Venture Holdings, (AVH), an American venture capitalist firm that will use Teneo to build outbound calling capabilities for their group of companies. In February 2023, Artificial Solutions signed a partnership agreement with COS Mantenimiento SA, a leading Spanish IT services company. In March 2023, Artificial Solutions announced a partnership agreement with Valcon, the leading European consultancy firm specializing in technology, data, and people. This partnership will allow Valcon's new and existing customers to benefit from a full range of CAI powered services starting with OpenQuestion for Contact Center experiences, proactive and omnichannel support solutions and innovative Metaverse brand presence.

Rights Issue Proceeds 96 MSEK

Successful rights issue announced in December 2022 and completed in the first quarter 2023, which provided the company with approximately SEK 95.9 million in proceeds before deduction of costs related to the rights issue. The total number of shares after completion of the rights issue amount to 102,429,090.

Facility Agreement Renegotiated

On January 26, 2023, Artificial Solutions and Capital Four signed a binding amendment and restatement agreement regarding the renegotiated credit agreement. According to the new terms for the credit agreement, all accrued interest, corresponding to approximately 28 MSEK, will be written off and the yearly interest rate onwards is adjusted down to a fixed 4.00 % interest rate per annum.

These amendments to the credit agreement will result in a debt reduction at the maturity of the credit agreement corresponding to approximately 145 MSEK in total. The effective date of the new agreement is March 2, 2023. The reversal of the written off interest of 28 MSEK will be materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023.

ISO 27001 Certification

On January 26, 2023, Artificial Solutions secured its ISO 27001 certification. The internationally recognized standard confirms that the company and its SaaS platform Teneo, provides the highest possible level of security assurance.

The standard ensures the effectiveness of the security information management system that protects assets and communications inclusive of financial information, intellectual property, employee details or information entrusted to the company by third parties — such as websites and other customers or partners.

Artificial Solutions is committed to providing the highest level of security to its customers and partners as online threats continue to pose risks to businesses and consumer data. ISO 27001 certifies that Artificial Solutions has developed and implemented processes and procedures in order to provide requirements for establishing, implementing, maintaining and continually improving an information security management system across its operations.

R&D Tax Refund

On January 19, 2023, the company received cash payment of 5.7 MSEK (6.4) from the Spanish Tax Authority following completed R&D review of R&D investments in 2020.

Board Member Change

On January 20, 2023, Fredrik Oweson informed the Chair of the board of his voluntary resignation from the Board of Directors. Mr. Oweson is Partner and co-founder of Scope, representing Artificial Solutions' historical largest shareholder Scope Growth III on the Board. Mr. Oweson had been a board member of Artificial Solutions since Scope's first investment in 2008.

New Nomination Committee

In April 2023, the following members have, in accordance with the procedure adopted by the Annual General Meeting 2022, been appointed to the Artificial Solutions' Nomination Committee:

- ♦ **Sven Härgestam**, appointed by Arpeggio AB and Mr Härgestam's private holdings, combined the largest shareholder in Artificial Solutions.
- ♦ **Carl Thelin**, appointed by SEB-Stiftelsen, the second largest shareholder in Artificial Solutions.
- ♦ **Johan A. Gustavsson**, appointed by Vencom Group Holding, AB Couronne and Mr Gustavsson's private holdings, combined the fourth largest shareholder in Artificial Solutions.
- ♦ **Åsa Hedin**, Chair of the Board of Directors.

Incentive Programs Summary

In April 2023, the company cancelled — in full or partially - unallocated, unvested, and surrendered warrants in all outstanding warrant programs. Following these measures there are only three existing warrant programs available. See section Ownership below for further details.

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 and revenue model has changed – with a successful continuous transformation of increasing the recurring revenues and increasing the share of SaaS revenues as % of total recurring revenues. With an increasing share recurring revenues coming from SaaS, the company also receives both revenues and cash continuously instead of upfront which was and to some degree still is the case for the current non-SaaS contracts.

In 2021, the immediate focus was to reduce costs to the lowest possible level, while thereafter, in 2022, focus has been on investing in and building out the SaaS sales and marketing operations, security investments (ISO 27001 certification, SOC2 implementation and system investments) and R&D organization. These investments have impacted costs and cash flows negatively during 2022. With the significant revenue growth during 2022 and in the first quarter 2023, the cash gap (cash inflows minus cash outflows) is continuously shrinking. This trend started in the fourth quarter of 2022 when the operating cash flows from operations were flat YoY despite a significantly higher cost base. During the first quarter 2023, the company has also simplified the internal procedures resulting in a reduction of employees and contractors and future costs. The impact of the measures will be visible from April 2023. With growing revenues from mainly existing customers but also from new customers and lower cost base, following cost reduction measures in the first and second quarter of 2023, the cash gap is expected to continue to reduce.

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 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. In reference to Covid 19 effects, the company perceives these risks to have lapsed and is no longer considered as a risk anymore. The Ukraine-Russia conflict started in February 2022. Our company has no operations nor customers in Ukraine or Russia and has not experienced any direct negative impact during 2022 due to this event. 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. The recent Silicon Valley Bank collapse, a bank with significant exposure to financing of start-up and growth companies, could have impact of the general financing market, but this risk is not considered as a risk factor to Artificial Solutions. The company interest rate on its existing loan is fixed to a 4% interest rate per annum and with the last successful closing of the rights issue, the company does not have any immediate cash needs.

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

Artificial Solutions' shares are traded on Nasdaq First North Growth Market Stockholm under the ticker "ASAI".

On June 22, 2022, there was a merger of shares reducing the number of outstanding shares to 1/10 of the number of outstanding shares.

The number of outstanding shares on December 31, 2022, amounted to **6,570,538**.

	31 DEC 2022	31 DEC 2021
Number of shares at the end of the period	6,570,538	6,570,538
Average number of shares before dilution	6,570,538	5,867,998
Average number of shares after dilution	6,570,538	5,867,998

There are no dilutive effects as, due to the current share price, the warrants are out of the money.

The 10 largest shareholders on December 31, 2022, are listed below:

Shareholder	Capital %
Scope	11.0%
SEB-Stiftelsen	7.5%
Nice & Green	6.2%
Avanza Pension	3.2%
Johan A. Gustavsson	3.0%
C WorldWide Asset Management	2.9%
Nordnet Pensionsförsäkring	2.4%
Ulf Johansson	2.3%
Theodor Jeansson Jr.	1.8%
AB Possessor	1.5%

On February 28, 2023, as a result of the rights issue, the total number of shares increased to **102,429,090**.

The 10 largest shareholders on March 31, 2023, are listed below:

Shareholder	Capital %
Sven Härgestam/Arpeggio AB	11.2%
SEB-Stiftelsen	11.0%
Theodor Jeansson Jr.	5.9%
Avanza Pension	4.9%
Johan A. Gustavsson	4.5%
Provider Investment AB	3.9%
Bjursund Invest AB	3.7%
Staffan Bohman	3.5%
Sunhold B.V.	2.9%
Niclas Nyström	2.6%

On December 31, 2022, there were five existing incentive programs with the following terms:

Programs	Number of warrants	Strike Price (SEK)
2019/2024	824,709	328.70
2020/2025:1	229,000	177.00
2020/2025:2	126,966	177.00
2021/2024:1	2,011,581	87.00
2022/2025	258,779	32.94

In April 2023, the company cancelled — in full or partially - unallocated, unvested, and surrendered warrants in all outstanding warrant programs. There are still three existing warrant programs available and following recalculation of strike prices due to the rights issue that closed in the first quarter 2023 the programs have the following terms:

Programs	Number of warrants	Strike Price (SEK)
2019/2024	810,645	31.3
2020/2025:1	169,400	16.8
2021/2024:1	1,508,000	8.3

COMMENTARY TO FINANCIAL STATEMENTS

Income Statement

Net sales for the year 2022 amounted to 45.7 MSEK (38.9), equivalent to an increase of 18% compared to the same period last year. The recurring revenues (Usage+License+Support) for the year 2022 amounted to 40.7 MSEK (30.2), equivalent to 89% (78) of total net sales. A high percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our SaaS model.

Personnel costs for the year 2022 amounted to -85.5 MSEK (-70.8), an increase of 21% compared to the same period last year. Headcount has increased from 64 at the end of the year 2021 to 74 at the end of the year 2022.

Depreciation and amortization in the year 2022 amounted to -12.7 MSEK (-12.5). Capitalized R&D for the same period amounted to 13.2 MSEK (11.7). The increase of 1.5 MSEK is due mainly to the hourly rate increases implemented during the first quarter of 2022.

The annual operating expenses run-rate, excluding depreciation and amortization, non-recurring items of 10.9 MSEK and cost of sales of 15.8 MSEK, have increased from -93 MSEK in 2021 to -121 MSEK in 2022.

The average monthly operating expenses in the year 2022, excluding depreciation and amortization, non-recurring items (i.e. one off items out of the run rate business,) and cost of sales, amounted to -10.1 MSEK. Group other operating income for the 2022 amounted to 5.8 MSEK (5.4), of which 5.7 MSEK corresponds to the expected tax credit for 2021 R&D work. Other operating income in the parent company amounted to 4.4 MSEK (2.6). This is revenue from group companies.

In the parent company, net financial items for the year 2022 amounted to -310.8 MSEK (-107.4) of which -4.2 MSEK (3.4) are due to currency exchange rate adjustments, -31.4 MSEK (-3.5) are interests and similar costs from loans and 11.5 MSEK (5.8) are interest receivable from intragroup granted loans. The main impact 2022 is related to the provision of intra group receivable of -287 MSEK. In the group, net financial items for the year 2022 amounted to 3.8 MSEK (1.1). The positive net financial items for the year are mainly a result of positive currency exchange rate differences.

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 13.2 MSEK (11.7) was invested in capitalized development expenses as capital expenditures during the year and the total capitalized development expenses in the balance sheet amounted to 31.9 MSEK (28.4).

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

The current assets consist of current receivables that combined amounted to 35.8 MSEK (25.7).

The group cash & bank position amounted to 18.2 MSEK (112.1).

The group equity position at the end of the year amounted to -233.7 MSEK (-119.3).

Interest-bearing liabilities at the end of the year amounted to 263.8 MSEK (237.6).

The existing credit facility has been renegotiated during 2023. For more details, refer to post balance events section.

Cash Flow Statement

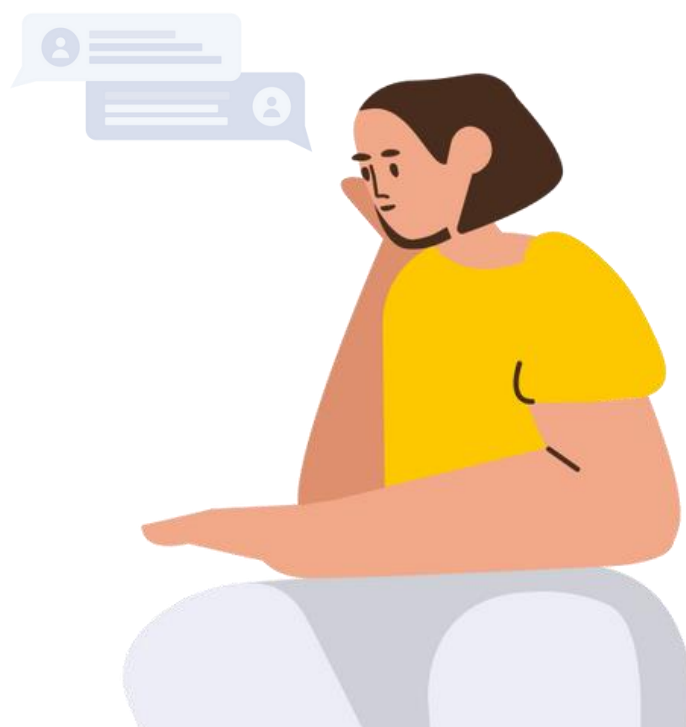
Total amount from operating activities before financial items and taxation for the year 2022 amounted to -77.9 MSEK (-38.2). The full year 2021 was positively impacted with 24.5 MSEK due to the accounting transaction without cash impact related to the voluntary liquidation of the investment in UK that started in 2020 and finished in 2021. The company reduced headcount significantly in the first quarter of 2021 and has since then invested in building out the SaaS sales and marketing operations and R&D organization and this can be seen in the increased adjusted full year cash flow from operating activities before financial items and taxation for the full year 2022 compared with 2021. The increase is, adjusted for the impact 2021 for the handling of the UK voluntary liquidation, approximately 15 MSEK full year 2022 compared with 2021 and the increase of the negative cash flow 2022 is related to higher number of employees

and contractors coupled with other investments of more longer-term nature (ISO certification, SOC2 implementations and system investments).

Cash flow from operating activities before changes in working capital for the year amounted to -81.5 MSEK (-96.1). The interest corresponds mainly to the transactional cost linked to the credit facility received in December 2021 and paid in the first quarter 2022. The group does not expect any other material cash payment linked to the credit until maturity date.

In January 2022, the company received cash payment of 6.4 MSEK (7.3) from the Spanish Tax Authority following completed R&D review of R&D investments.

Cash flow from investing activities for the year amounted to -14.3 MSEK (-14.3) and relate mainly to capitalized R&D expenditures. Cash flow from financing activities in the year 2022 amounted to -1.4 MSEK (225.2).



To finance the negative cash flow from operating activities for the first nine months 2021, the company used 20 MSEK from existing convertible loan notes program and, also received 112.5 MSEK (after deduction of transaction costs) from the directed new share issue. On December 22, 2021, the company received 242.4 MSEK (upfront commitment fees deducted) in proceeds, from the 5-year credit facility. With these funds the company repaid almost all the existing debt as well as financed the negative cash flow from operating activities for the year 2021.

The company's cash and bank position as of December 31, 2022, amounted to 18.2 MSEK (112.1).

In January 2023, the company received cash payment of 5.7 MSEK (6.4) from the Spanish Tax Authority following completed R&D review of R&D investments.

In February 2023, the company received the proceeds from the successful rights issue of in total 95.9 MSEK before transactional costs. Transactional costs with cash impact are estimated to approximately 20 MSEK.

With the before mentioned steps, it is the board of directors' expectation that the Group cash requirements have been adequately addressed.



FINANCIAL OVERVIEW

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

KEY RATIOS KSEK	2022	2021	2020	2019
Net sales	45,678	38,866	53,761	49,139
Operating profit	-88,890	-70,588	-97,836	-145,977
Profit after financial items	-85,115	-69,471	-154,224	-181,749
Total intangible assets	31,912	28,430	29,773	31,738
Total assets	88,655	168,581	76,954	75,288
Total equity	-233,655	-119,323	-172,729	-190,364
Earnings per share before dilution (SEK) ^(*)	-13.0	-10.6	-31.80	-73.5
Earnings per share after dilution (SEK) ^(**)	-13.0	-10.6	-31.80	-73.5
Solidity	-264%	-71%	-224%	-253%
Average no. of employees	68	62	95	106
Usage Revenue	17,368	9,766	16,926	7,660
SaaS ARR, MSEK	25,1	9,4	n/a	n/a
Gross Margin %	65%	66%	61%	45%
Adjusted EBITDA	-77,967	-58,480	-80,837	-112,779
Cash flow from operating activities before financial items and taxation (MSEK)	-77.9	-38.2	-96.6	-121.5

(*) The Company completed a Reverse Stock Split of 10 to 1 in June 2022. Historical share numbers have been adjusted to reflect the split.

(**) The existing warrants are out of the money, so following K3, no dilutive effect is calculated.

PROPOSAL FOR THE TREATMENT OF THE UNAPROPRIATED EARNINGS

The Group

The Group's non-restricted equity amounts to -351,925,183 SEK of which -85,361,705 SEK are loss for the current year.

The Parent Company

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

SEK	2022
Share premium reserve	1,311,026,796
Other equity	-980,985,576
Result for the year	-320,522,890
	9,517,688
The board proposes that the following be carried forward	9,517,688
	9,517,688

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 2022 – 31 DEC 2022	1 JAN 2021 – 31 DEC 2021
Operating income			
Net sales	3	45,678	38,866
Capitalized amount for own accounts	12	13,178	11,719
Other operating income	3	5,842	5,377
Total operating income		64,698	55,962
Operating expenses			
Other external costs	4, 5	-55,438	-41,595
Personnel costs	6,7	-85,460	-70,794
Depreciation and amortization on fixed assets	12, 13	-12,689	-12,477
Other operating expenses	8	-	-1,684
Operating profit		- 88,890	-70,588
Result from financial items			
Interest income and similar items	9	45,313	38,483
Interest expenses and similar items	10	-41,537	-37,365
Profit after financial items		-85,115	-69,470
Tax on profit for the year		-246	-1
NET PROFIT FOR THE YEAR		-85,362	-69,471

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2022	31 DEC 2021
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development of content	12	31,912	28,430
Total intangible assets		31,912	28,430
Tangible assets			
Equipment, furniture, and fittings	13	931	894
Total tangible assets		931	894
Total fixed assets		32,842	29,324
Other non-current receivables		1,783	1,441
Total non-current assets		34,626	30,765
Current assets			
Current receivables			
Tax receivable		11,425	11,558
Accounts receivable		8,295	7,108
Other receivables		2,704	2,033
Prepaid expenses and accrued income	16	13,407	5,022
Total current receivables		35,832	25,721
Cash and bank balances		18,198	112,095
Total current assets		54,030	137,816
TOTAL ASSETS		88,655	168,581

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2022	31 DEC 2021
EQUITY AND LIABILITIES			
Equity	17		
Share capital		118,270	118,270
Other contributed capital		1,311,027	1,311,084
Other equity including result of the year		-1,662,952	-1,548,677
Total equity		-233,655	-119,323
Long-term liabilities			
Liabilities to other lenders	18	263,843	237,551
Total Long-term liabilities		263,843	237,551
Current liabilities			
Accounts payable – trade		12,097	13,684
Income tax liability		883	403
Other liabilities		4,264	5,559
Accrued expenses and deferred income	19	41,224	30,708
Total current liabilities		58,467	50,353
TOTAL EQUITY AND LIABILITIES		88,655	168,581

CONSOLIDATED CHANGE IN EQUITY

KSEK	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER EQUITY INCLUDING RESULT FOR THE YEAR	TOTAL EQUITY
Amount brought forward	118,270	1,311,084	-1,548,677	-119,323
Warrant premiums	-	-	1,622	1,622
Transaction costs	-	-57	-	-57
Result for the year	-	-	-85,362	-85,362
Translation difference	-	-	-30,536	-30,536
Balance carried forward	118,270	1,311,027	-1,662,952	-233,655

CONSOLIDATED CASH FLOW STATEMENT

KSEK	Note	1 JAN 2022 - 31 DEC 2022	1 JAN 2021 - 31 DEC 2021
Operating Activities			
Operating loss		-88,890	-70,588
Depreciation / amortization on assets		12,689	12,477
Adjustments for items excluded from cash flow statement	22	-1,669	19,947
Total operating activities		-77,870	-38,164
Interest paid and received		-9,774	-65,174
Taxation paid and received		6,121	7,223
Cash flow from operating activities before changes in working capital		-81,524	-96,114
Increase (-)/Decrease (+) of operating receivables		-10,719	-3,155
Increase (+)/Decrease (-) of operating liabilities		14,050	-19,590
Cash flow from operating activities		-78,193	-118,860
Investing activities			
Payments to acquire tangible fixed assets		-394	-387
Payments to acquire intangible fixed assets		-13,876	-11,595
Change in financial assets		-	-2,358
Cash flow from investing activities		-14,270	-14,340
Financing activities			
New share issue		-	120,000
Cost of new share issue		-1,434	-7,630
New borrowings		-	270,000
Repayment of borrowings		-	-158,843
Other changes in financing activities		-	1,289
Cash flow from financing activities		-1,433	225,232
Net change in cash and cash equivalents		-93,897	92,032
Cash and cash equivalents beginning of the year		112,095	20,063
Cash and cash equivalents end of the year		18,198	112,095

PARENT COMPANY INCOME STATEMENT

KSEK	Note	1 JAN 2022 - 31 DEC 2022	1 JAN 2021 - 31 DEC 2021
Operating income			
Net sales	3	1,354	1,978
Other operating income	3	4,393	2,593
Total operating income		5,746	4,571
Operating expenses			
Other external costs	5	-15,450	-15,642
Personnel costs		-	-
Operating profit		-9,704	-11,071
Result from financial items			
Interest income and similar items	9	12,278	19,261
Interest expenses and similar items	10	-36,097	-10,630
Result from credits and shares in group companies	11	-287,000	-116,000
Loss after financial items		-310,819	-118,441
Result before tax		-320,523	-118,441
Tax on result for the year		-	-
RESULT FOR THE YEAR		-320,523	-118,441

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2022	31 DEC 2021
ASSETS			
<i>Non-current assets</i>			
Financial assets			
Participations in Group companies	14	283,425	283,063
Receivables from Group companies	15	102,527	315,557
Other non-current receivables		368	514
Total Financial assets		386,320	599,134
Total non-current assets		386,320	599,134
<i>Current assets</i>			
Current receivables			
Other receivables		1,813	1,169
Prepaid expenses and accrued income	16	4,986	737
Total current receivables		6,799	1,906
Cash and bank balances		10,326	97,945
Total current assets		17,125	99,851
TOTAL ASSETS		403,445	698,985

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2022	31 DEC 2021
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity			
Share capital	17	118,270	118,270
Total restricted equity		118,270	118,270
Non-restricted equity			
Other equity		-980,986	-862,546
Result for the year		-320,523	-118,441
Total non-restricted equity		9,518	330,098
Share premium reserve	17	1,311,026	1,311,083
<i>Long-term liabilities</i>			
Liabilities to other lenders	18	263,843	235,747
Total Long-term liabilities		263,843	235,747
<i>Current liabilities</i>			
Accounts payable – trade		7,922	10,644
Liabilities to Group companies		951	1,615
Other liabilities		111	497
Accrued expenses and deferred income	19	2,830	2,116
Total current liabilities		11,814	14,872
TOTAL EQUITY AND LIABILITIES		403,445	698,985

PARENT COMPANY CHANGE IN EQUITY

KSEK	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	RESULT FOR THE YEAR	TOTAL EQUITY
Amount brought forward	118,270	1,311,083	-862,546	-118,441	448,367
Transmission of previous year's	-	-	-118,441	118,441	-
Warrant premiums	-	-	1	-	1
Transaction costs	-	-57	-	-	-57
Result for the year	-	-	-	-320,523	-320,523
Balance carried forward	118,270	1,311,026	-980,986	-320,523	127,787

CONSOLIDATED CASH FLOW STATEMENT

KSEK	Note	1 JAN 2022 - 31 DEC 2022	1 JAN 2021 - 31 DEC 2021
Operating Activities			
Operating loss		-9,704	-11,071
Depreciation / amortization on assets		-	-
Adjustments for items excluded from cash flow statement	22	-	254
Cash flow from operating activities		-9,730	-10,817
Interest paid and received		-10,329	-20,627
Taxation paid and received		1	-
Cash flow from operating activities after financial items and tax		-20,065	-31,445
Increase (-)/Decrease (+) of operating receivables		-71,153	-128,736
Increase (+)/Decrease (-) of operating liabilities		5,033	7,984
Cash flow from working capital changes		-66,120	-152,197
Cash flow from operating activities and after working capital changes		-86,186	-116,084
Financing activities			
New share issue		-	120,000
Cost of new share issue		-1,434	-7,630
New borrowings		-	270,000
Repayment of borrowings		-	-23,579
Cash flow from financing activities		-1,43	358,791
Net change in cash and cash equivalents		-87,619	90,510
Cash and cash equivalents beginning of the year		97,945	7,435
Cash and cash equivalents end of the year		10,326	97,945

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

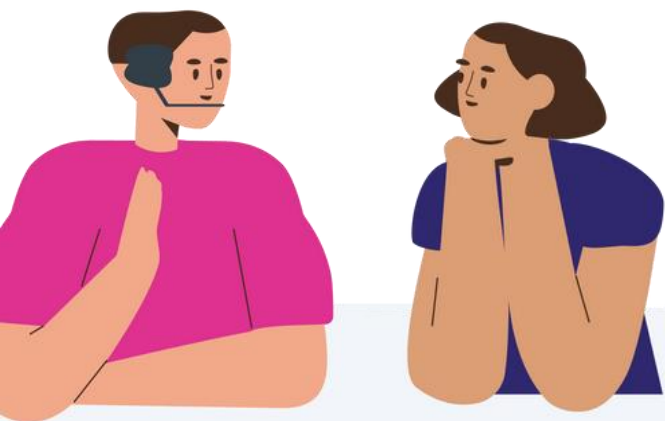
Legacy deals are based on term licenses for the use of the Teneo platform. This license gives the customer access to the Teneo Platform and allows the customer to build and, then optionally, host their solution. It is possible for the customer to host multiple solutions, multiple languages, or multiple 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 that 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 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 recognized on a straight-line basis, over the length of 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 customers 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 are 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 JUDGEMENTS

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	
	2022	2021	2022	2021
Europe and rest of the world	26,580	21,279	1,354	1,978
USA	19,097	17,587	-	-
Total Net Sales	45,678	38,866	1,354	1,978
Other operating income	5,842	5,377	4,393	2,593

Artificial Solutions Iberia S.L. has received confirmation that its application for a tax refund in respect of R&D work performed in 2021, 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 5,754 KSEK (5,210) during 2022 and which is expected to be received in cash during 2024.

Other operating income in 2022 in the parent company, refers mainly to revenues from services delivered to group companies and amounted to 4,393KSEK (2,593).

Sales and purchases between group companies

SALES & PURCHASES GROUP COMPANIES	SALES		PURCHASES	
	2022	2021	2022	2021
Artificial Solutions Iberia SL	1,988	1,238	947	1,615
Artificial Solutions Inc	2,402	1,345	-	-
Total	4,390	2,583	947	1,615

Out of the previous information, the parent company as lender, has charged to Artificial Solutions Holding, ASH AB interest of 11,470 KSEK (5,823 KSEK).

NOTE 4. OTHER EXTERNAL COSTS. LEASING COMMITMENTS

During 2022 the group's payments due to leasing commitments amounted to 1,728 KSEK (2,457). There were no payments for leasing commitments in the parent company.

FUTURE MINIMUM LEASE PAYMENTS AMOUNT TO:	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
- within one year	1,606	953	-	-
- later than one year but within five years	1,728	2,111	-	-
- later than five years	-	-	-	-
Total	3,334	3,064	-	-

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

KSEK	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Grant Thornton				
Audit engagement	575	818	575	718
Tax consultancy	238	33	215	33
Other services	13	40	13	40
Others				
Tax consultancy	741	646	-	-
Total	1,567	1,537	803	791

NOTE 6. PERSONNEL COSTS. AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY CHARGES

AVERAGE NO. OF EMPLOYEES	2022 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE	2021 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE
Parent company				
Artificial Solutions International AB	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries				
Germany	1	0%	4	2%
Italy	-	-	1	100%
Netherlands	-	-	1	0%
Spain	47	45%	40	37%
Sweden	15	20%	13	22%
United States of America	4	0%	3	26%
Total in subsidiaries	68	36%	62	31%

On December 31, 2022, the management team was composed by four men and one woman, previous year, five men and two women.

SALARIES, REMUNERATIONS, ETC	2022 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)	2021 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)
Parent company	-	-	-	-
Subsidiaries	61,984	20,096	51,135	16,873
		(3,896)		(3,320)

Out of total personnel costs in 2022, 12,422 KSEK (9,523) have been capitalized as development expenditures.

SALARIES AND OTHER REMUNERATIONS ALLOCATED BY COUNTRY AND SPLIT BETWEEN MANAGEMENT AND OTHER EMPLOYEES	2022		OTHER EMPLOYEES (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)
	MANAGEMENT TEAM AND CEO (OF WHICH BONUS, ETC)			
Parent company				
Sweden	-	-	-	-
Total in parent company	-	-	-	-
Subsidiaries in Sweden	16,440	6,411	13,457	5,055
Foreign Subsidiaries				
Germany	-	890	-	3,855
Italy	-	470	-	2,090
Netherlands	-	-	-	505
Spain	710	27,617	407	21,182
United States of America	-	9,446	664	3,920
Total in subsidiaries	17,176	46,424	14,528	36,607
	(3,687)	(374)	(2,556)	(612)

A total of 3,224 KSEK (2,730) of the Swedish subsidiary's pensions costs refer to the CEO and management team.

470 KSEK on Italy subsidiary correspond to the costs resulting of ending employment contract in December 2021.

Remuneration to the Chief Executive Officer

NAME	POSITION	SALARIES AND OTHER REMUNERATIONS (OF WHICH BONUS, PENSION ETC...)	
		2022	2021
Per Ottosson	CEO	6,315 (2,377)	5,973 (2,380)

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, Management Team and Other Employees

POSITION	TOTAL LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST)	
	2022	2021
CEO	298	298
Other Management team	2,046	2,124
Other Employees & Former employees	6,204	4,352
	8,549	6,773
	(1,616)	(1,494)

POSITION	2022	2021
Board Members	1,043	1,196
Total	1,043	1,196

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

On December 31, 2022, there were five existing incentive programs. None of the three warrants programs have been exercised by the warrant holders on December 31, 2022. The most recent Incentive Program - the 2022/2025: Incentive Program - was approved at the Annual General Meeting held in May 2022.

Outstanding warrants per program and strike prices:

PROGRAMS	NUMBER OF WARRANTS	STRIKE PRICE (SEK)
2019/2024	824,709	328.70
2020/2025:1	229,000	177.00
2020/2025:2	126,966	177.00
2021/2024:1	2,011,581	87.00
2022/2025	258,779	32.94

(*) For further information about the warrant programs, see section Ownership.

Remuneration to the members of the board of directors

At the annual general meeting held on 30 May 2022, it was resolved that fees are to be paid for the period until next annual general meeting with the amount of 600,000 SEK to the chairman of the board and 300,000 SEK to each of the other members of the board, except for Fredrik Oweson and Paul St John, who have renounced compensation for 2022 and 2021. Paul St John was elected board member. Johan Ekesiöö and Jan Uddenfeldt declined re-election. On January 2023, Fredrik Oweson announced his resignation from the Board of Directors of Artificial Solutions International AB (publ).

The table below sets forth the remunerations to the board members (5 members on 31st December 2022, whereof 2 are women):

NAME	Election Year	Born	POSITION	2022	2021
Asa Hedin	2019	1962	Chairman of the board	537	450
Johan Gustavsson	2019	1963	Board member	300	300
Vesna Lindkvist	2021	1976	Board member	300	150
Paul St John	2022	1967	Board member	-	-
Fredrik Oweson	2019	1968	Board member	-	-
Jan Uddenfeldt	2019	1950	Former board member	125	300
Johan Ekesiöö	2019	1954	Former board member	125	300
Bodil Eriksson	2019	1963	Former board member in 2021	-	150
Total				1,387	1,650

Other Remunerations

NAME	Election Year	Born	POSITION	2022	2021
Asa Hedin	2019	1962	Chairman of the board		
Jan Uddenfeldt	2019	1950	Board member		
Johan Ekesiöö	2019	1954	Board member		
Johan Gustavsson	2019	1963	Board member		

Warrant Program Board Members

POSITION	LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST)	
	2022	2021
Board Members	1,043	1,196
Total	1,043 (-)	1,196 (-)

NOTE 7. REESTRUCTURING IMPACT

KSEK	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Restructuration impact	-	-19,714	-	768
Total	-	-19,714	-	768

Restructuring costs in the profit and loss statement after the cost reduction measures carried in last quarter of 2020, impacted 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). No impact on 2022.

NOTE 8. OTHER OPERATING EXPENSES

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Disposal of intangible fixed assets	-	1,619	-	-
Other expensed fixed assets	-	65	-	-
Total	-	1,684	-	-

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

NOTE 9. INTEREST INCOME AND SIMILAR ITEMS

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Interest income	-	40	11,473	5,863
Exchange rate gains	42,290	16,988	444	10,528
Other financial income	2,987	21,456	361	2,870
Total	45,277	38,483	12,278	19,261

In the parent company, 11,473 KSEK (5,823) of interest income and similar income statement items is income from group companies in 2022. In 2021, 2,870 KSEK is the reversal of a provision from 2020 of a group company uncollectable.

At group level, in 2021 there was a positive impact in 2021 of the voluntary UK subsidiary liquidation of 21,456 KSEK.

NOTE 10. INTEREST EXPENSES AND SIMILAR ITEMS

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Interest expenses and similar items	31,610	28,056	31,492	3,535
Exchange rate losses	9,927	9,310	4,605	7,095
Total	41,537	37,365	36,097	10,630

Interest expenses and similar expenses for the group 2022 amounted to 31,610 KSEK of which 31,511 KSEK (28,019) refers to interest expenses to credit institutions.

NOTE 11. RESULT FROM CREDITS AND SHARES IN GROUP COMPANIES

	PARENT COMPANY	
	2022	2021
Provision for receivables in subsidiaries	-287,000	-
Impairment of shares in subsidiaries	-	-116,000

287,000 KSEK in the parent company refers to a provision for loans to subsidiary. The board has evaluated the valuation of loans provided to the subsidiary where an assessment was made of the need for impairment. As a result, a write-down of the 287 000 KSEK receivable against Artificial Solutions Holding ASH AB was made as of the balance sheet date. The assessment is based on, among other things, an impairment test, if the loan fully/partly refers to loss coverage and the subsidiary's assessed ability to repay the debt within a reasonably foreseeable future.

In 2021, 116,000 KSEK in the parent company refers to the impairment of the participation in the group companies.

NOTE 12. INTANGIBLE ASSETS

LICENSES & IP RIGHTS	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<i>Acquisition value b/f</i>	19,315	19,324	-	-
Purchases	231	109	-	-
Disposals	-	-	-	-
Exchange rate adjustments	808	-118	-	-
Accumulated acquisition values c/f	20,354	19,315	-	-
<i>Amortization b/f</i>	-18,786	-18,392	-	-
Depreciations and amortizations for the year	-246	-208	-	-
Disposals	-	-	-	-
Exchange rate adjustments	-774	-187	-	-
Accumulated amortization c/f	-19,807	-18,786	-	-
Residual value acc. to plan c/f	547	528	-	-

CAPITALIZED EXPENDITURE FOR DEVELOPMENT	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<i>Acquisition value b/f</i>	146,521	133,361	-	-
Purchases	13,645	11,486	-	-
Disposals	-	-14,171	-	-
Exchange rate adjustments	-3,278	3,101	-	-
Accumulated acquisition values c/f	156,888	146,521	-	-
<i>Amortization b/f</i>	-118,691	-104,520	-	-
Depreciations and amortizations for the year	-12,047	-11,844	-	-
Disposals	-	-1,619	-	-
Exchange rate adjustments	5,214	-2,255	-	-
Accumulated amortization c/f	-125,524	-118,619	-	-
Residual value acc. to plan c/f	31,365	27,902	-	-

TOTAL INTANGIBLE ASSETS	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Net book value intangible assets	31,912	28,430	-	-

NOTE 13. EQUIPMENT, FURNITURE AND FITTINGS

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
<i>Acquisition value b/f</i>	3,377	6,244	-	-
Purchases	394	387	-	-
Disposals	-455	-2,168	-	-
Exchange rate adjustments	203	-1,086	-	-
Accumulated acquisition values c/f	3,520	3,377	-	-
<i>Depreciation b/f</i>	-2,483	-4,990	-	-
Depreciation for the year	-396	-425	-	-
Disposals	455	2,106	-	-
Exchange rate adjustments	-165	826	-	-
Accumulated depreciation c/f	-2,589	-2,483	-	-
Net book value carried forward	931	894	-	-

NOTE 14. PARTICIPATIONS IN GROUP COMPANIES

INVESTMENT IN GROUP COMPANIES	PARENT COMPANY	
	2022	2021
<i>Acquisition value b/f</i>	1,239,612	1,122,240
Capital contributions to subsidiaries	362	117,373
Accumulated acquisition values c/f	1,239,974	1,239,612
<i>Impairment value b/f</i>	-956,550	-840,550
Impairment losses recognized	-	-116,000
Accumulated impairment c/f	-956,550	-956,550
Residual value acc. to plan c/f	283,425	283,063

COMPANY NAME	CORP. ID.NO.	DOMICILE	EQUITY	PROFIT/LOSS THIS YEAR
Artificial Solutions B.V.	34162309	Netherlands	-90,417	-42,694
Artificial Solutions Scandinavia AB	556256-4657	Sweden	845	-78,062
Artificial Solutions Holding ASH AB	556734-1556	Sweden	-99,098	-336,820
Artificial Solutions Iberia SL	B62059068	Spain	4,617	-56,518
Artificial Solutions Germany GmbH	HRB162917	Germany	334	-11,971
Artificial Solutions Inc	98-1119596	United States	-160	-5,957

THE COMPANY NAME	NO. OF PARTICIPANTS	SHARE OF EQUITY %	BOOK VALUE
Artificial Solutions B.V.	200	100%	283,425
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 Inc	1,000	100%	
			283,425

In 2022, Artificial Solutions Holding ASH AB has made a shareholder contribution of 111,051 KSEK to Artificial Solutions B.V.

In 2022, Artificial Solutions B.V. has made a shareholder contribution of 62,720 KSEK to Artificial Solutions Germany GmbH, 11,756 KSEK to Artificial Solutions Iberia SL, and a conditional shareholders contribution of 78,506 KSEK to Artificial Solutions Scandinavia AB.

In 2022, Artificial Solutions Scandinavia AB has made a shareholder contribution of 74,399 KSEK to Artificial Solutions Inc.

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.

As disclosed in Note 11, in 2021, the parent company 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.

Following the decision of simplifying the legal structure of the group, Artificial Solutions Italy Ltd, a fully owned Italian subsidiary, was voluntary liquidated in December 2022.

NOTE 15. RECEIVABLES FROM GROUP COMPANIES

RECEIVABLES FROM GROUP COMPANIES	PARENT COMPANY	
	2022	2021
Accumulated acquisition value		
Accumulated cost b/f	315,557	182,285
Additional receivables	73,970	133,272
Accumulated cost c/f	389,527	315,557
Accumulated impairment losses		
Accumulated write-downs b/f	-	-2,870
Write-downs during the year	-287,000	2,870
Accumulated write downs c/f	-287,000	-
Net book value carried forward	102,527	315,557

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Prepaid rent	96	150	0	-
Prepaid Insurance	321	168	140	62
Prepaid Licenses	830	1,016	60	330
Accrued Financial Cost	142	167	142	167
Accrued Income	4,944	1,202	-	-
Other items	7,075	2,320	4,644	177
Total	13,407	5,022	4,986	737

Out of other items, 4,442 MSEK correspond to prepaid amounts linked to the rights issue concluded in 2023.

NOTE 17. CHANGE IN EQUITY

Proposal for the treatment of the unappropriated earnings

The group

The group's non-restricted equity amounted to -351,925,183 SEK of which -85,361,705 SEK are losses for the current year.

The parent company

The following are available for appropriation at the annual general meeting, SEK:	2022
Share premium reserve	1,311,026,154
Other equity including results from previous periods Result for the year	-980,985,576 -320,522,890
Total	9,517,688
The board proposes that the following be carried forward	9,517,688
Total	9,517,688

Artificial Solutions' share capital amounted to 118,269,700 SEK distributed across 6,570,538 shares. The shares are denominated in SEK and each share has a quota value of SEK 18. The annual general meeting held on 30 May 2022 in Artificial Solutions International AB (publ) resolved on a reverse share split, whereby ten (10) existing shares consolidate into one (1) new share (1:10).

After the reverse share split, the number of shares in the company are 6,570,538, entailing a quota value of approximately SEK 18 after the reverse share split.

All shares have been fully paid and are freely transferable.

NOTE 18. LIABILITIES TO LENDERS

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Long-term liabilities				
Liabilities to other lenders	263,843	237,551	263,843	235,747
Total	263,843	237,551	263,843	235,747
Current liabilities				
Liabilities to other lenders	-	-	-	-
Total	-	-	-	-
Grand total interest-bearing liabilities	263,843	237,551	263,843	235,747

On December 2021, the parent company has entered into a 5-year credit facility agreement of 250 MSEK. The interest rate was 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. In December 2022, the company and the lender of the 250 MSEK facility agreement, Capital Four, signed a binding amendment and restatement agreement regarding the facility agreement. In February 2023, the renegotiation of the amendment of the credit facility, which was done in connection with the rights issue, was completed. The restated facility agreement became effective on March 2, 2023. According to the new terms for the facility agreement, all accrued interest, corresponding to approximately SEK 28 million, should be written off and the yearly interest rate onwards is adjusted down to a fixed of 4.00 % interest rate per annum.

NOTE 19. ACCRUED EXPENSES AND DEFERRED INCOME

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Accrued compensations incl. social charges	13,336	11,673	94	-
Deferred income	22,591	13,238	426	461
Other items	5,297	5,797	2,309	1,655
Total	41,224	30,708	2,830	2,116

NOTE 20. PLEDGED ASSETS AND WARRANTIES

PLEDGED ASSETS	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Cash and cash equivalent	2,500	2,500	-	-
Business mortgages	69,577	62,185	9,600	9,600
Group Shares	-	-	283,425	283,063
Total	72,077	64,685	293,025	292,663

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	
	2022	2021	2022	2021
Management shareholders	-	-	912	3,340

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 Headquarter office with Vencom Property Partners AB. The terms of the lease are 0.6 MSEK per annum. The remaining lease agreement was cancelled and ended 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.

As per board members remunerations, refer to Note 6.

BK Corporate International BV, one of the board member of Artificial Solutions B.V., represented by Albert Otten and Edwin Prevoo, delivers advisory services to the company.

	RECEIVABLES		LIABILITIES	
	2022	2021	2022	2021
Management shareholders	-	-	316	188

NOTE 22. ADJUSTMENTS FOR ITEMS EXCLUDED FROM CASH FLOW STATEMENT

	THE GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Translation differences	3,331	-482	-	-
Tax (R&D)	-5,754	-5,210	-	-
Group Companies Liquidation	-1,353	23,812	-	-
Other items	2,107	1,827	-	250
Total	-1,669	19,947	-	250

NOTE 23. SIGNIFICANT EVENTS AFTER THE PERIOD

The rights issue completed in the first quarter 2023 and provided the company with SEK 95.9 million in proceeds before deduction of costs related to the rights issue. The total number of shares after completion of the rights issue is 102,429,090.

On January 26, 2023, Artificial Solutions and Capital Four signed a binding amendment and restatement agreement regarding the renegotiated credit agreement. According to the new terms for the credit agreement, all accrued interest, corresponding to approximately 28 MSEK, will be written off and the yearly interest rate onwards is adjusted down to a fixed 4.00 % interest rate per annum. These amendments to the credit agreement will result in a debt reduction at the maturity of the credit agreement corresponding to approximately 145 MSEK in total. The effective date of the new agreement is March 2, 2023. The reversal of the written off interest of 28 MSEK will be materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023. The P&L impact in the first quarter 2023 had a positive impact of +28 MSEK.

On January 19, 2023, the company received cash payment of 5.7 MSEK (6.4) from the Spanish Tax Authority following completed R&D review of R&D investments in 2020.

On January 20, 2023, Fredrik Oweson informed the Chair of the board of his voluntary resignation from the Board of Directors. Mr. Oweson is Partner and co-founder of Scope, representing Artificial Solutions' historical largest shareholder Scope Growth III on the Board. Mr. Oweson had been a board member of Artificial Solutions since Scope's first investment in 2008.

In April 2023, the following members have, in accordance with the procedure adopted by the Annual General Meeting 2022, been appointed to the Artificial Solutions' Nomination Committee: Åsa Hedin, Chair of the Board of Directors, Sven Härgestam, Carl Thelin, and Johan A. Gustavsson.

On January 26, 2023, Artificial Solutions secured its ISO 27001 certification. The internationally recognized standard confirms that the company and its SaaS platform Teneo, provides the highest possible level of security assurance.

STOCKHOLM, June 5, 2023

Per Ottosson

Managing
Director

Åsa Hedin

Chair of the Board

Vesna Lindkvist

Board Member

Johan A. Gustavsson

Board Member

Paul St John

Board Member

Our auditor's report was submitted on 5th of June of 2023.

Grant Thornton Sweden AB

Carl-Johan Regell

Authorized Public Accountant
Auditor in charge

Ida Sparrfeldt

Authorized Public Accountant

Auditor's Report



Auditor's report

N.B. The English text is a translation of the official version in Swedish. In the event of any conflict between the Swedish and English version, the Swedish shall prevail.

To the general meeting of the shareholders of Artificial Solutions International AB

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 for the year 2022.

The annual accounts and consolidated accounts of the company are included on pages 18 - 75 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 2022 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 – 17 and 81. The Board of Directors and the Managing Director are responsible for this other information.

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 intend 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 skepticism 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 for the year 2022 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 skepticism 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, June 5, 2023.

Grant Thornton Sweden AB

Carl-Johan Regell
Authorised Public Accountant
Auditor in charge

Ida Sparrfeldt
Authorised Public Accountant

Definitions

Financial Measures	Description
Net Sales	Reported net sales.
Recurring Revenue	Combined amount of revenue derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
Usage Revenue	The amount of revenue derived solely from the usage of the Teneo
SaaS Recurring Revenue	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data
SaaS ARR	SaaS Recurring Revenue (Last month of the period Recurring Revenue x 12 months).
Gross Profit	Total Net Sales subtracted with the total cost of services, commission, and cost of utilized staff related to Customer Success department.
Gross Margin %	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 non-recurring 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.
API	Application Programming Interface (API) that allows interaction between two applications.
API Calls	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions.
SaaS API Calls	Specific API calls solely for SaaS customers. Volumes are disclosed in millions.

ARTIFICIAL SOLUTIONS

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.

For more Information, please visit www.artificial-solutions.com

