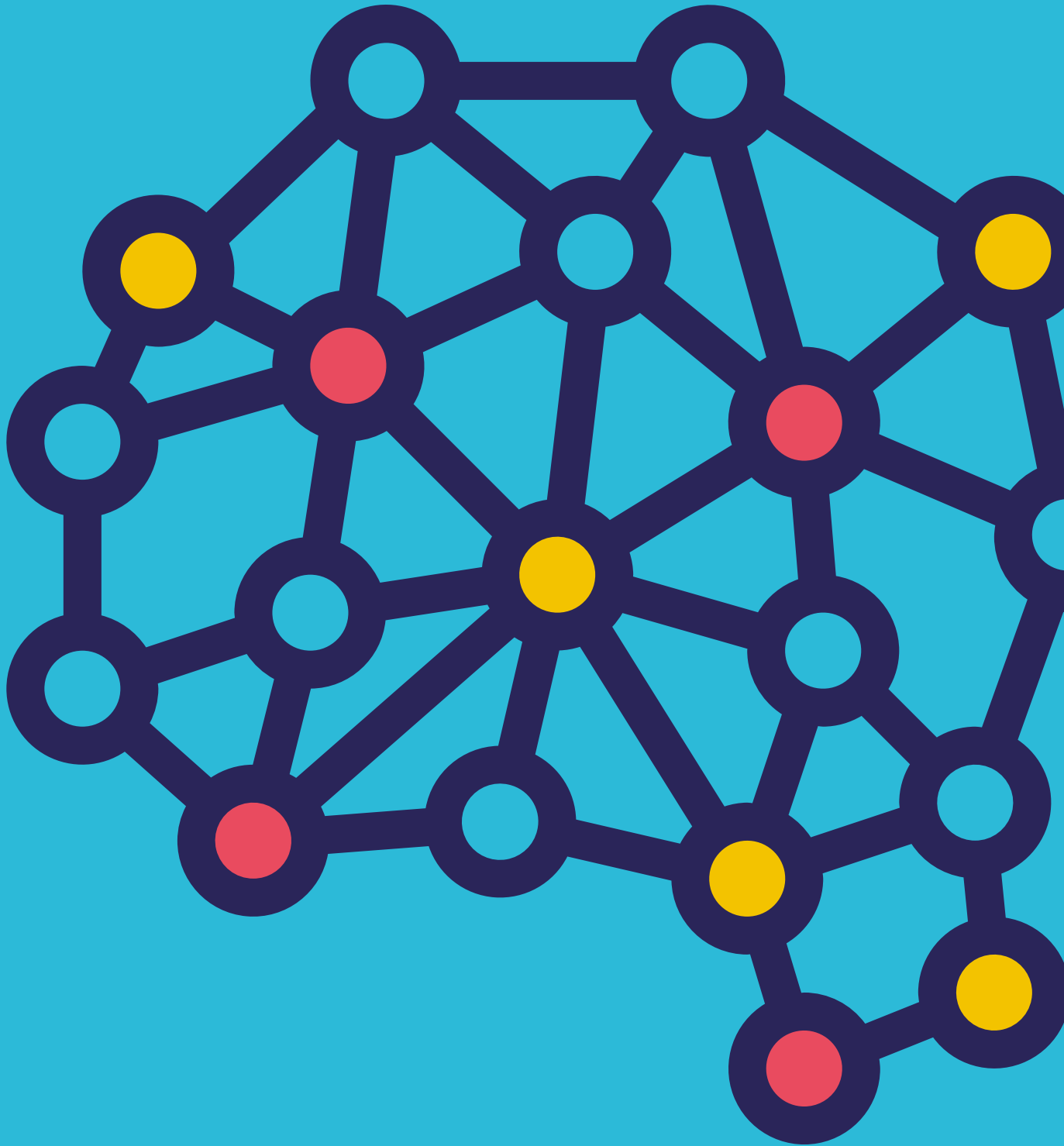
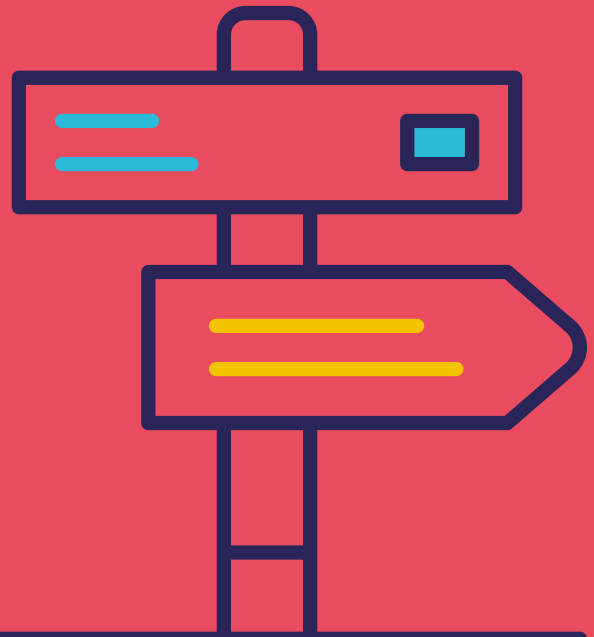


ARTIFICIAL SOLUTIONS



2019 ANNUAL REPORT



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100,000,000

INTERACTIONS ANNUALLY

36

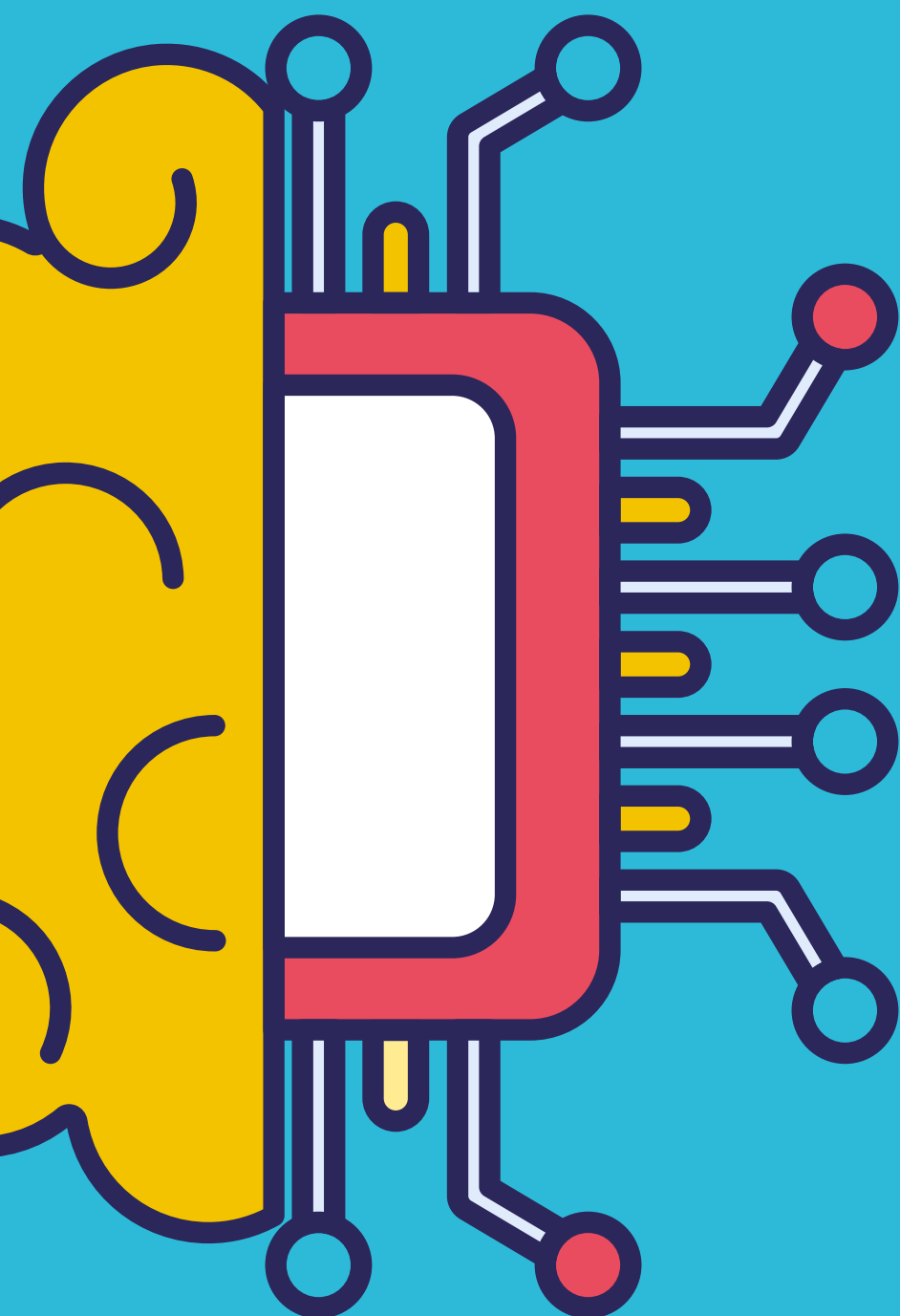
LANGUAGES
SUPPORTED

8

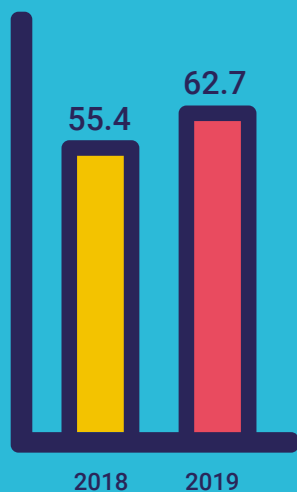
REGISTERED
PATENTS

\$153M

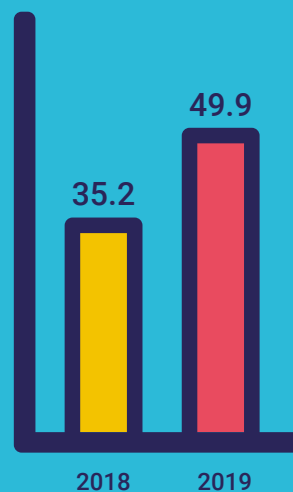
PATENT PORTFOLIO
VALUATION



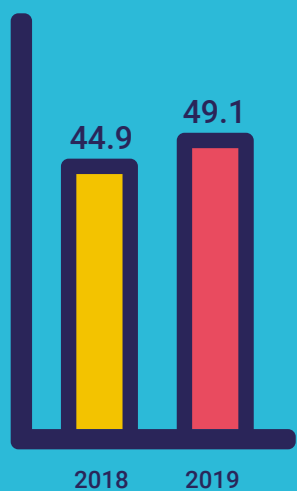
YEAR IN NUMBERS



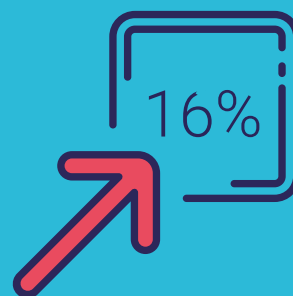
ORDER INTAKE (MSEK)



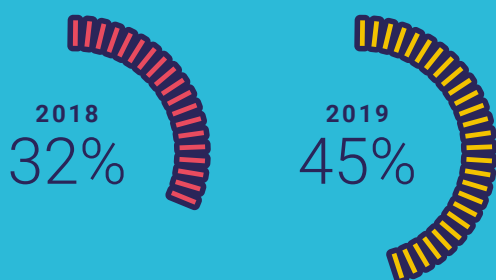
ORDER BACKLOG (MSEK)



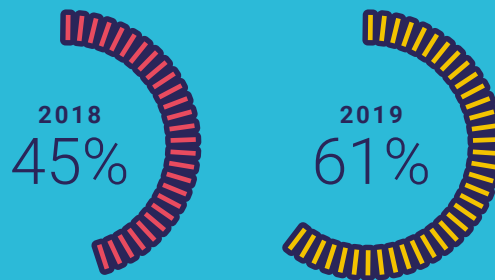
NET SALES (MSEK)



USAGE REVENUE INCREASED to 16%



PARTNER REVENUE %



GROSS MARGIN %

CEO STATEMENT



“

Solid commercial,
operational and
financial progress

2019 has been an encouraging year for Artificial Solutions, with the company making solid commercial, operational and financial progress against our stated key objectives.

CUSTOMER SUCCESS

Teneo is an advanced conversational AI development platform that allows our customers to address multiple use cases across multiple industries. We are not constrained by industry, language or platform. In 2019, we added 12 new customers - a record for the company - including Scania, the US Government's Health Resources and Services Administration (HRSA) and Swisscom, plus other North American and European global brands and government agencies. These organizations are already implementing a broad range of solutions, further demonstrating Teneo's industry leading capabilities to the enterprise market.



LAWRENCE FLYNN
CEO

I am delighted that later in this report we give more detail on how some of these customers are using Teneo to meet their individual business needs.

As our customers take their solutions live and then expand the use of Teneo across their business, this will grow the usage element of our revenues, illustrated in Q1 2020 with the announcement of a significant contract extension with existing customer Swisscom. We have taken the opportunity later in this report to explain further how we expect usage revenues to grow and the scale of the opportunity.

PARTNER GROWTH

Another key element of our strategy is to enable a community of partners who will use their own consulting teams to build solutions on Teneo. In 2019 we launched Teneo Developers, a sandbox environment enabling enterprise developers and partners to rapidly build working conversational AI bots. This significantly increases the ability of partners to train, demonstrate and build test solutions for their customers. We now have an enviable list of System Integrator partners and we continue to build the volume of business through those partners delivering 45% of revenues with our partners in 2019. Importantly, we also believe that there are a number of technical partners with whom building a relationship will provide mutual benefit across many of the industries in which we operate.

Robotic Process Automation (RPA) and Interactive Voice Response (IVR) vendors will both enhance their customer experience by integrating conversational AI into their solutions. I am very pleased therefore that we have been able to announce new partnerships with UI-Path and Blue Prism, the two leading vendors in the RPA space as well as Vonage and Twilio in the IVR space. I very much look forward to seeing these new partnerships adding to our pipeline of high-volume usage customers.

NEW GUIDANCE

As we develop and own all our Intellectual Property, we have little or no cost of sales when selling Licenses or Usage and hence this is very profitable business compared to other revenue streams. As more customers take their solutions live, the amount of usage will grow significantly.

We expect to see the impact of this change reflected in our mix of Order Intake and Revenue in the coming years. In order to reflect this change, we published new information at the time of the rights issue, where we expect the most profitable usage revenues to represent more than 80% of revenues by the end of 2022.

FUNDRAISING ACTIVITIES

During the last twelve months we have successfully concluded two rounds of funding. In June we completed a directed share issue, raising SEK 65.7M as well as a fully subscribed rights issue, completed in February 2020 and raising a further SEK 120M. I would like to thank our shareholders old and new for their continued support. In addition to the extra funds raised, we are in the process of renegotiating our debt in order to ensure we have the right overall structure in place to support the growth of the business through to cash flow positivity. Whilst I have spent time this year in support of fundraising activities, we continue to make progress in two key areas of our business: customer success and partner growth.

COVID-19

As I write this report, we remain in the middle of the COVID-19 virus crisis which has affected both the markets and the business environment alike. For us as a company, dealing with the day to day implications has been less of a challenge than for many, as we are a tech-savvy business whose employees are used to remote team working. So, closing our various offices due to national lockdowns was not a major difficulty for us, or our customers or partners, who all continued to receive excellent service from us.

“

we expect the most profitable usage revenues to account for more than 80% of revenues by the end of 2022

The short-term impact of the virus is being felt by all businesses, and our customers and prospects are no exception. Yet, as markets reopen, we believe that businesses will work to protect themselves against continuity risks in the future by reducing their reliance on people in general, and instead focussing more on digital transformation. Thus, it is likely that the long-term legacy of the virus is to positively accelerate the market growth for Enterprise Conversational AI and with it the market opportunity for Artificial Solutions.

CLEAR POSITIONING FOR POST COVID TIMES

From the outset, we have been clear in our focus on delivering highly sophisticated conversational AI to large enterprises and public sector organisations. Our Teneo platform has been developed from the outset with the needs of enterprises in mind, can be readily deployed in over 35 languages, across multiple platforms and channels, supports multiple modes of input including voice, text and touch and offers enterprise-grade scalability, resilience and data security.

One of the major benefits of Teneo-based solutions is the ability to resolve large numbers of customer queries and other interactions without human intervention; a capability that is proving crucial for enterprises as many struggle to handle unprecedented demand to their contact centres during the current Covid-19 crisis and a likely requirement as the financial repercussions force organizations to focus on cost control moving forward.

SUMMARY

We have made positive progress during the year, delivering a significant number of new name accounts and further strengthening an enviable list of partners. The Covid-19 virus will add to the challenge of 2020, but I believe it will also force companies to look again at how they communicate with their customers and ready themselves for crises in the future, presenting our company with exciting new opportunities. I look forward to working with our amazing team and our growing partner community to build on the important steps taken in 2019.



Lawrence Flynn
CEO

Covid-19: Challenges and Opportunities

Artificial Solutions and its customers have all felt the impact of the pandemic in some way. The real impact of the pandemic is not yet clear on a global scale as there will undoubtedly be a new normality when the crisis is eventually over. For Artificial Solutions this has presented some short-term challenges, to which we have responded, but, importantly, presents an opportunity for mid-term acceleration.

APPROPRIATE ACTIONS TAKEN

As a business, Artificial Solutions is well used to leveraging technology for remote working. Therefore, when the decision was made to officially close its offices in March, the company continued to function as normal and its customers continued to utilize the products and the services provided without any appreciable change.

Almost immediately, Artificial Solutions took steps to preserve its cash resources with a range of initiatives such as arranging the deferred expenditure on a wide spectrum of items including rents and taxes. With people-related costs accounting for around 70% of its regular expenditure, the company also made the strategic decision to furlough some staff and to apply for the various government support schemes available in the geographies in which it operates. In addition to furlough, many other staff have taken salary deferrals, including management, in order to manage workload and the company's sustainability.

THE NEW NORMALITY

Across the globe, large enterprises are dealing with challenges that they had not planned for, even in their most extreme business continuity scenarios. HR and IT departments had a massive challenge moving significant numbers of employees to a "work from home" normality. Further, particularly for large B2C organisations, they faced huge problems in providing customer service and sales support to customers as their call center operations were locked down or forced offline in offshore locations.

In the short term, managing these problems is the correct focus for business but, as lockdowns start to ease, CIOs of large enterprises will face a completely new landscape. They will be challenged to utilize technology so that their companies are among the winners in the future. They will be charged with the task of digitizing their businesses such that they do not rely on offshoring, or huge call centers or indeed on humans to anywhere near the same extent. This will necessitate a wholesale rethink of their IT infrastructure and there will naturally be positive implications for both business process automation (BPA) and Conversational AI.

For Artificial Solutions, this is very significant. We believe that Conversational AI will become part of the core technology stack for digitalized businesses by providing an intelligent, humanlike, automated way for people to interact with organizations. Deep integration with business process automation technology such as Robotic Process Automation (RPA), allows Conversational AI to deliver further automation by surfacing back-end processes straight through to front-office applications. At the same time, Conversational AI data delivers insight into the mind of the customer that can be used to personalize the conversation, maintain the system and deliver actionable data back to the business. Crucial information that will help them navigate a vastly changed landscape.

SHORT TERM CHALLENGES, LONGER TERM OPPORTUNITIES

Commentators believe that, whilst there is likely to be a short-term slowdown due to Covid-19, in the mid to long term, there is likely to be a positive and accelerating impact on Artificial Solution's market as CIOs plan their future roadmaps. These CIOs will seek to maximize new opportunities as lockdowns soften, to benefit from greater automated customer interaction and to build resilience into their business models.

Artificial Solutions believes that the Teneo platform is ideally placed to deliver the combination of Conversational AI capabilities and enterprise features that CIOs will demand in a new world learning to live with the impact of Covid-19.

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Conversational AI is a form of AI that allows people to communicate with applications, websites and devices in everyday, natural language via voice, text, touch or gesture input.

What is Conversational AI?

WHY USE CONVERSATIONAL AI?

Conversational AI allows people to communicate with applications, websites and devices in everyday, effortless language via voice, text, touch or gesture input. It offers an engaging and intuitive way of interacting with technology and is revolutionizing how humans relate to machines. Conversational AI-based voice and text interfaces are the most natural way of communicating: the intuitive choice of the customer. It is effective and fast and allows enterprises to become more intelligent and responsive in the way they support their customers.



TYPES OF CONVERSATIONAL AI

Conversational AI platforms help organizations build different solutions, such as:

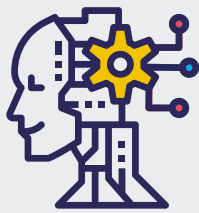
- > Chatbots
- > Intelligent Virtual Assistants
- > Digital Employees
- > Virtual Agents
- > Avatars
- > Chat agents

These solutions can be implemented across multiple roles:

- > Customer service
- > Sales
- > Support and after-sales
- > Voice interfaces for smart home devices
- > Call centres
- > Internally - HR, IT and more

The Conversational AI Opportunity

All major analysts and technology firms are forecasting strong and ongoing growth in the AI market.



Spending on cognitive and AI Systems in 2022¹

\$77.6 bn

2017–2022
forecast period¹



37.3% CAGR

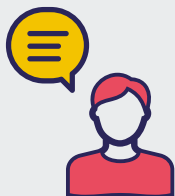
40 per cent of
all AI spending

on conversational AI applications and deep learning and machine learning¹



global conversational AI market growth by 2024²

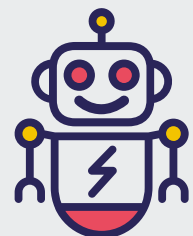
\$4.2bn → \$15.7bn



A quarter of digital workers will use virtual employee assistants on a daily basis by 2021³

400%

Increase in customer service interactions handled by AI⁵



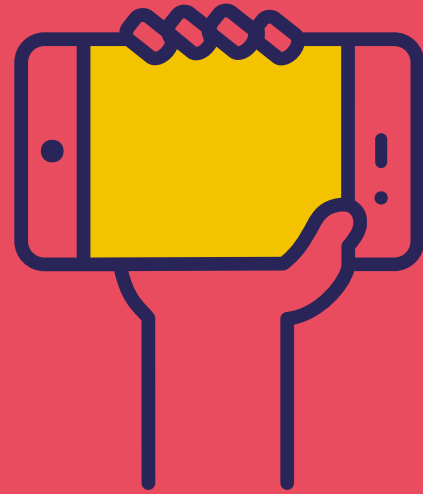
25%

customer service and support operations will integrate virtual customer assistant technology across engagement channels⁴

The Conversational AI Market

There are three primary use cases for enterprise conversational AI - **customers**, **employees** and **devices**:

- > **Between enterprises and customers:** Highly conversational applications allow enterprises to create frictionless journeys for their customers as they interact over a wide variety of digital channels and devices. Some development platforms provide the ability for enterprises to capture and analyze entire conversations (taking into consideration data privacy regulations) to understand the true voice of the customer, thereby opening new revenue opportunities for the enterprise.
- > **Between enterprises and employees:** Conversational AI systems enable enterprises to streamline business processes and increase productivity, allowing organizations to do more without increasing headcount. For example, conversational AI is being increasingly used to extend the robotic process automation (RPA) proposition, allowing for RPA and other AI assets to be integrated into conversational applications to deliver “zero intervention” solutions for high-volume processes.
- > **Between users and devices:** Conversational AI is gaining strong traction in the home automation, gaming and leisure and automotive markets where reliance on clunky menu systems to operate various devices is seen as a barrier to engagement. Conversational AI, with its ability to understand complex sentences, flexible integration capabilities and an agnostic architecture is ideally suited to these markets due to the near-endless opportunities to monetize speech-enabled or conversational interfaces.



In some instances, a conversational AI application may support more than one use case type.

For example, an external technical support app aimed at customers might be used by internal HR or IT staff because it can provide an answer faster than their own systems.

How Artificial Solutions Delivers Conversational AI

Artificial Solutions' Teneo Platform is a multi-award-winning technology built specifically to address large-scale enterprise requirements for Conversational AI.

Designed for the global organization, Teneo allows business users and developers to collaborate on creating sophisticated, highly intelligent conversational applications that can run across multiple platforms and channels, in more than 35 languages.

Teneo uses standard technology stacks and has an open architecture, which means it will fit in with other enterprise software infrastructure, and strategic conversational AI implementations can be managed as an integral part of the wider enterprise IT ecosystem.

Teneo's patented hybrid approach stems from the deep understanding that enterprises all start from different places. Whether they come armed with masses of neatly classified, ranked and known data; or whether they are starting with nothing, Teneo works, because it uses both machine and linguistic learning techniques to develop and optimize interfaces, and generate the data from real-life inputs thereafter.

Teneo also respects the need to keep data secure and private. Enterprises are reassured that the information gathered is theirs to keep; and that it is also easy to manage. Teneo can analyze and make use of the enormous quantities of conversational data that flows from the conversational solutions with Teneo, delivering unprecedented levels of insight that reveal what customers are truly thinking. And if your customers invoke data privacy rights, Teneo enables you to remove the personally identifiable information (PII) in seconds, but at the same time, retain those valuable insights and learnings.

Developed from the experience of decades of real-life implementations, and with awards ranging from Stevies to Techies to Glomos, Teneo is arguably one of the most decorated AI platforms around. This independent accreditation is complemented by numerous patents for its technology, a customer list featuring some of the world's largest brands and recognized partner support from many of today's leading system integrators. As a transformative technology, Teneo includes many features that differentiate it in the sector.



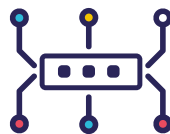
CONVERSATIONAL

Delivers a humanlike, intelligent user experience



ENTERPRISE

Teneo is the only platform designed for enterprise use



HYBRID

Uses linguistic and machine learning for optimal performance



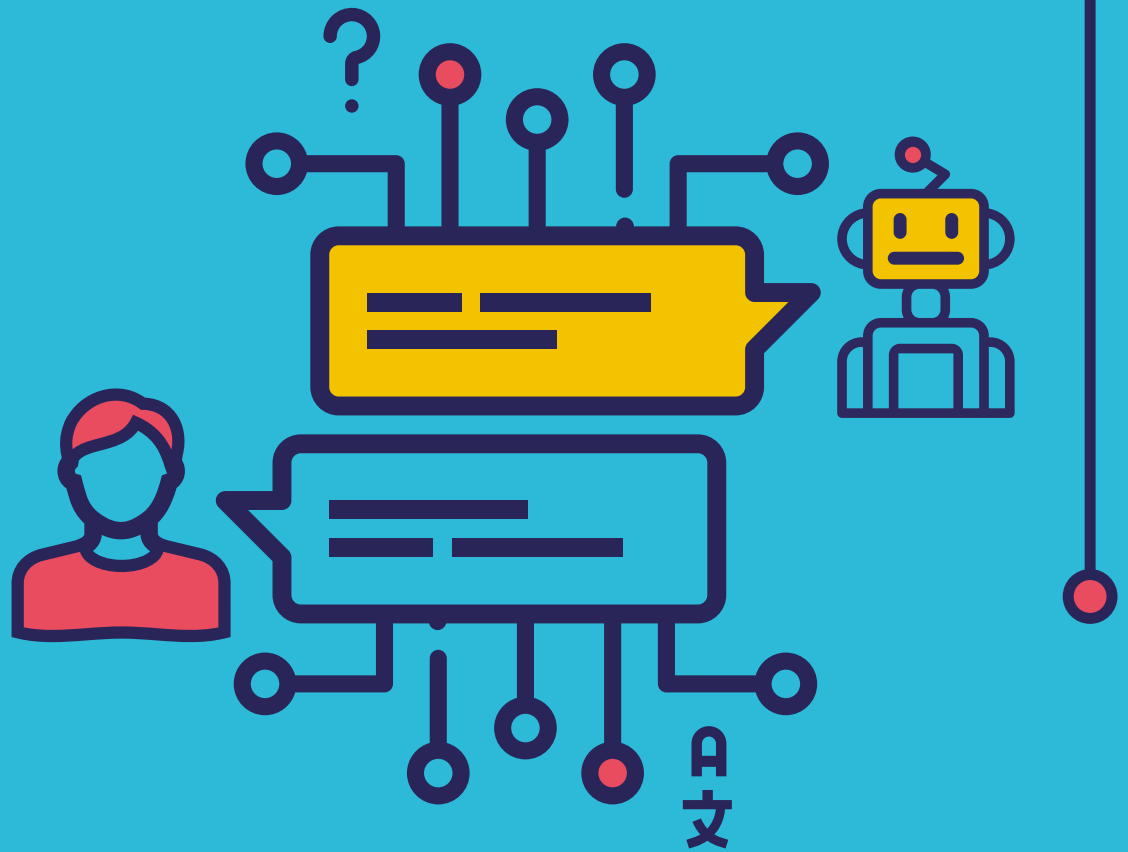
DATA

Leverages conversational data to achieve a competitive edge



PROVEN

Award winning and already implemented by enterprises worldwide



“

Chatbots and virtual assistants have reached peak interest in the enterprise as the most common uses for AI. But to improve customer experience and reduce costs, application leaders need to choose the right conversational platform as the enabling technology for developing chatbots and VAs.

Building truly conversational, humanlike and capable conversational solutions is not easy. When we converse as humans, we are unpredictable, we don't say what is expected, we use our own terminology, we branch off at tangents, we circle back, we miss out crucial facts and figures, we ask for clarifications.

Furthermore, few conversational AI development platforms were built with the enterprise in mind. Consequently, features you might expect as standard such as version control, integrated testing and roll back capabilities, or user defined roles to manage collaboration over disparate teams, are missing. When talking about scalability, most natural language development tools are only referring to traffic or bandwidth.

It has essential integrated development features in place such as a proper and detailed search, workflow support, user handling etc. Teneo not only offers advanced Natural Language Processing (NLP) components, but also provides a customizable and modular architecture that makes it possible for the developer to extend upon those components and when appropriate, easily incorporate external natural language assets and capabilities.

A stylized icon of a human eye. The eye is outlined in dark blue. The iris is a solid blue circle with a yellow pupil in the center. The pupil has a black outline and a yellow center. The eye is surrounded by several geometric shapes: a yellow square with a black outline at the top left, a black square with a white center at the top center, a black square with a white center at the top right, a black square with a white center at the bottom left, a black square with a white center at the bottom center, and a black square with a white center at the bottom right. There are also several horizontal lines of varying lengths and colors (yellow, black, white) scattered around the eye, suggesting motion or data flow.

Who uses Conversational AI?

Conversational AI is used by blue chip multi-national enterprises, mostly operating in the business-to-consumer sector. These organizations have millions of customers with whom they need to communicate, to understand, support, and to sell to. Their needs are ultimately to increase customer satisfaction and loyalty, reduce cost, gain insightful data and to decrease churn.

And as global organizations, they require solutions that work across multiple languages and geography, and hence they fully understand the importance of an enterprise strength, robust, proven platform.

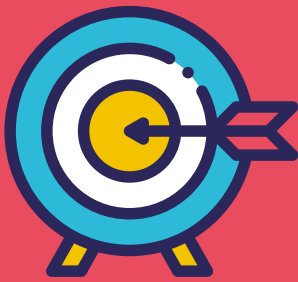
Conversational AI is industry-agnostic and can be applied in any organization that needs to offer an intelligent conversational interface to a large volume of users.



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Conversational AI allows enterprises to reignite the customer experience with increased engagement, personalized customer service and improved customer satisfaction.

Benefits of Conversational AI for Users



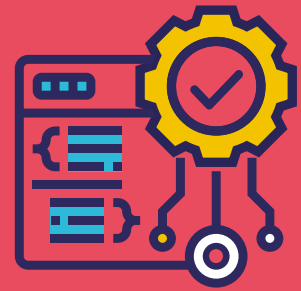
ACCURATE ANSWERS

Asking questions of technology runs the highly likely risk of being faced with hundreds, if not thousands, of irrelevant responses, usually based purely on unintelligent mass keyword tagging. Because conversational AI understands the content, meaning and intent of a query, it can drill down to the right answer almost every time. Whether a question has been asked once or a million times, users will get an accurate, relevant and prompt answer every time.



AVAILABLE 24/7/365

Users are tired of hanging on the line for a live agent; or waiting for a response to a web form that might never come. With high expectations for both speed and convenience across online channels, a conversational AI solution can meet the demand for an automated, fast and 'always on' service for users, even during peak times; unexpected or emergency situations; or simply when a business is closed – vital for users who want to know the answer to their query straight away.



CONVENIENT CHANNELS

Everyone prefers a different channel to communicate, according to the person, their circumstances and the matter at hand. Forcing customers into a channel they don't want to use is antagonistic and unnecessary. By offering a multi-channel option, businesses can place themselves at the convenience of the user and give them a way to interact with them according to their preference.



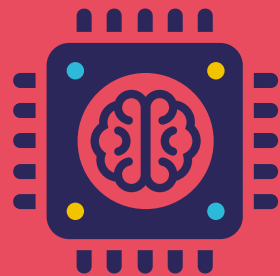
TRULY CONVERSATIONAL

Everyday language is an intuitive and natural way to communicate and helps deliver an engaging, frictionless user experience. Conversational AI can understand the meaning and intent of a request, meaning the user only has to ask once, in terms they know, rather than needing to learn the “corporate language” just to ask a question. This conversational capability also gives the users a personalized experience and the ability to get things done – accounts updated, orders placed, appointments booked, service tickets raised and more.



MULTILINGUAL ENGAGEMENT

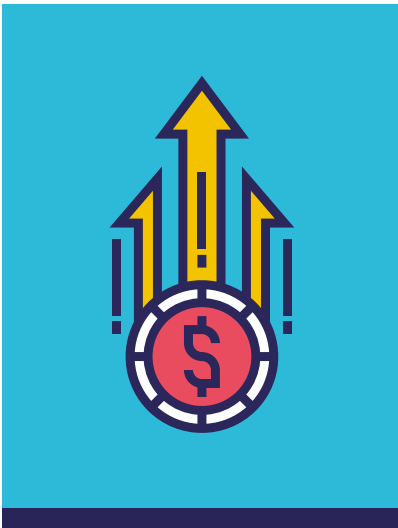
Offering a conversational communication channel in local languages or dialects can have a huge impact for users. When they can converse in their native tongue, everything is easier and more engaging, rather than struggling in a second or third language. Furthermore, these localized solutions can also give users tailored information for that region or country, perhaps in relation to laws, customs or just social niceties.



SESSION MEMORY

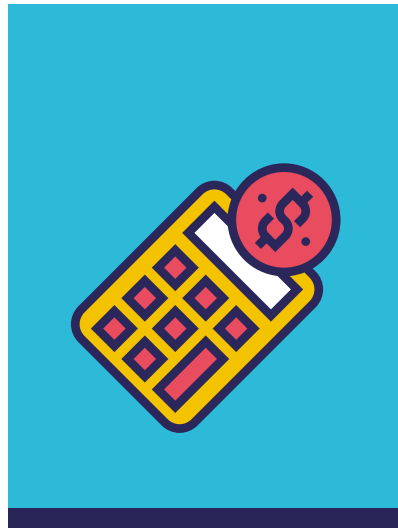
True conversational AI behaves just like a human would. Which means it remembers users from session to session, and across channels or devices, continuing the conversation without needing to repeatedly request the same information, authentication or query. By offering a persistent multichannel experience, conversational AI gives users an engaging and seamless experience that suits the user, not the solution.

Benefits of Conversational AI for Enterprises



DRIVE REVENUE

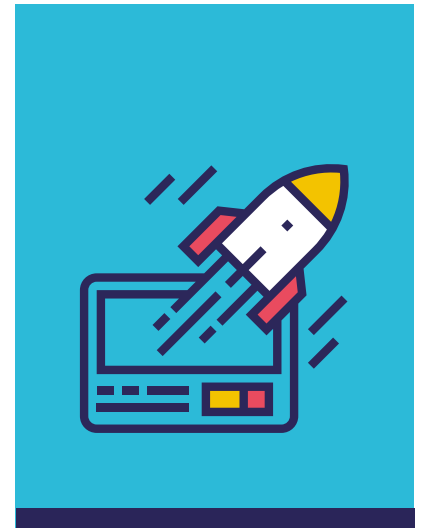
Intelligent conversational interfaces guide customers on a buying journey, driving sales conversion and revenue. Automated online sales advisors remember customer preferences and provide advice, tips and help, while gently upselling. Anonymized conversational data can be used to understand trends and better interpret customer sentiment, providing invaluable insight that informs product and service development. Text-based messenger bots offer new channels for automated sales conversations to engage customers and provide personalized advice and support.



REDUCE COSTS

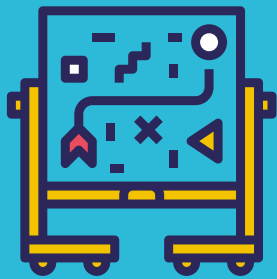
By automating a proportion of the calls, emails, SMS, social media messages and live chat sessions that would have otherwise required direct human involvement, conversational AI solutions free up time to allow existing employees to focus on higher-value or more complex customer engagements.

Automated customer services bots also operate around the clock, eliminating the need for out-of-hours service and can significantly reduce calls to service centers.



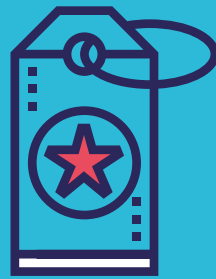
IMPROVE ENGAGEMENT

There are instances where a conversational interface is simply a better option. For example, automating customer service using a virtual assistant that can scale across millions of users, allows customer issues to be answered in an efficient yet humanlike manner, 24 hours a day. A maintenance engineer wearing protective clothing can access technical manuals using voice while keeping both hands free. An artificially intelligent chatbot can deliver advice and support across a wide range of issues and sectors.



UNIFIED STRATEGY

Deliver on a strategic vision of a unified strategy by using a Conversational AI platform as a single corporate voice. Deployments can be internally or externally facing and enable the enterprise to avoid data and information silos; or fragmented bots operating independently of each other.



BRAND VALUE

Enhance brand value and achieve differentiation by ensuring consistency of messaging, tone and content, and a frictionless user experience across every language, channel and touchpoint for the customer. A virtual reality banking experience with an artificially intelligent voice interface sends a strong message of innovation. A voice interface provides an intuitive replacement to a complex menu system for home automation and security.



MAXIMIZE DEPLOYMENTS

Develop advanced Centers of Excellence for ongoing Conversational AI management internally; or use external strategic technology partners to deliver sophisticated conversational deployments without the hassle of hiring new specialist headcount. Use these skills to automate even more customer service requests by integrating backend systems into Conversational AI solutions.

Our Customers and Partners

CUSTOMER CASE STUDIES



A worldwide automotive group...

...has deployed an intelligent Teneo-based virtual assistant that has already delivered a 400% improvement in conversion of the customer journey. Following on from this, Teneo will be used by a central team within the Group to create highly intelligent conversational interfaces throughout the entire organization to build advanced chatbot applications in multiple languages for a wide range of internal and external uses.



A global medical technology...

...services and solutions company is actively deploying Teneo-based assistants in use cases that span internal projects such as HR and IT support plus external customer facing applications designed to improve the customer experience. The global license agreement enabling their innovation center to implement conversational solutions across multiple use cases and languages was delivered via a partnership with one of the Company's global partners.

A US provider of financial services...



...with USD 1 trillion in managed assets has built a Conversational AI interface that enables its customers to complete transactions and resolve issues 24/7/365. The Teneo-based solution has significantly reduced inbound queries to their national call center whilst integration with the client's robotic process automation (RPA) workflows has helped deliver high levels of customer satisfaction, in some situations reducing documentation turnaround time from 7 days to 1 hour.

A US Fortune 500 company...



...that has already deployed Teneo in four use cases, has extended its commitment with the purchase of additional Teneo licenses allowing it to deploy the technology in new use cases. The account has already generated considerable revenue and the opportunity for further growth is significant. In one division they have recently made the Teneo solution available to 120 million telecoms customers to provide support which will considerably increase usage and revenue.

An international retail chain...



...developed an intelligent, conversational digital assistant that is capable of answering a diverse number of questions in multiple languages for the Nordic arm of its convenience stores and fuel retail businesses. The digital assistant is already reducing call volumes, while delivering 24/7 customer support, having been developed in only a few months - described by the company as one of the quickest projects ever undertaken.

A major European telecom giant...



...has used Teneo both to launch its own customer-facing service-bot as well as using Teneo as its conversational AI platform of choice for deploying chatbot capabilities through its service and consultancy division. The speech-driven bot enables customers to control various TV functions including switching channels, searching for content or launching a Spotify playlist, as well as controlling smart home devices integrated via the linked Home app, such as a networked light source.

PARTNER CASE STUDIES



Accenture is one of the world's leading professional services companies, providing services in strategy, consulting, digital, technology and operations. They have already delivered several Teneo-powered conversational AI solutions for such diverse projects as a conversational mobile app for a leading Swedish insurer that allows customers to complete claims faster and easier; to a vehicle configurator and automated test drive scheduling bot for the largest automotive company in the world.

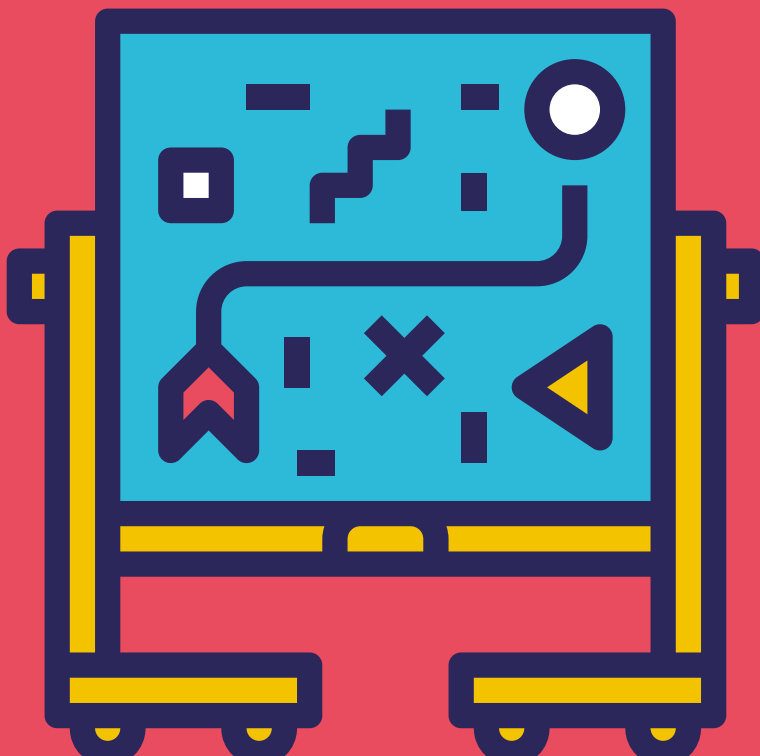


Blue Prism's Robotic Process Automation (RPA) technology is revolutionizing the corporate digital transformation journey by allowing enterprises to be more agile and cost effective using autonomous Digital Workers to carry out mission critical processes, while empowering the human workforce to focus on driving the business forward. Now using Teneo, those automations can be easily connected directly to end-users through a natural language interface.



Deloitte is the largest professional services network in the world. Its business transformation expertise allows enterprises to take advantage of the wealth of information that Conversational AI delivers as customers traverse through different departments and multiple touch points, a goal which has already seen Teneo deployed in two major US government departments.

BUSINESS STRATEGY



Business Strategy

BACKGROUND

Artificial Solutions has been creating the tools to deliver enterprise Conversational AI for over a decade, with a constant objective to Make Technology Think. The company uses Artificial Intelligence (AI) to learn from billions of human/machine conversations. It has learned and mapped the essential DNA of language and built a detailed network of the relationships between words, sentences, meanings, synonyms and beyond, in more than 35 languages. Artificial Solutions has always been an innovator in the Conversational AI market. We have a long history of being leaders in the space, with many key “firsts”.

GROWTH STRATEGY

As outlined in the Business Metrics, the company has developed a clear growth strategy to drive high margin usage. This incorporates:

- Leveraging its reference accounts to further expand within the same verticals and use-cases
- Developing new opportunities within existing customer accounts:
 - Increasing the frequency that a Teneo-based solution is used by end-users - via adding extra languages, new channels or additional knowledge areas etc.
 - Implementing new use-cases within the organization – for example across a new business unit, subsidiary or function.

HIGH MARGIN, REPEAT REVENUE

Enterprise clients gain access to the entire Teneo conversational AI platform, through an annual license fee. Once licensed, they can build and host multiple solutions upon a single platform. This approach has two important drivers:

1. The license fee is high-margin and payable annually hence it delivers repeat revenue
2. Allowing multiple solutions to be built from the same platform encourages the proliferation of Teneo-based solutions across the enterprise

SALES STRATEGY

The Company has developed a strong partner channel of global systems integrators and digital agencies. These partners deliver an international sales channel with direct access to C-level contacts in target enterprise accounts and provide service resources and deployment scalability plus a valuable proof-point to further expand the channel.

Artificial Solutions retains its direct sales team: they support partners in prospect deals and sell direct to strategic new-name accounts. Additionally, the Company retains a Professional Services team. Increasingly they act in a consultative role supporting a partner's skillset and delivering more complex projects direct to clients.

USAGE-BASED SUCCESS

Artificial Solutions charges its customers on a per use basis and, where possible this is tied to success. This may be measured as an interaction, a session, a conversation, a connected device or some other metric that matches the customer's value. As the conversational solution is used more, then this usage fee increases.

The company's target customers are major global corporations with very significant numbers of consumers and a need to communicate effectively with those consumers using scalable, artificially intelligent, automated channels such as those delivered through Teneo. The large B2C profile - large B2C organizations - of Artificial Solutions' target customers therefore also helps drive usage. Therefore, significant high-margin growth comes from building usage-based revenues in big companies.

Business Metrics



Order Intake on medium and long term to grow in excess of NLP market

Order Intake is the value of committed orders received from customers in the period and is a key measure of the future commitments made by our customers. Estimates of the predicted growth in the market do tend to vary depending upon the analyst, but in 2019 estimates were generally between 30% and 40% per annum in the medium to long term. In 2019 our Order Intake grew by 13% from SEK 55.4M to SEK 62.7M. In January 2020 we announced that a significant order from an existing major US customer that Artificial Solutions had anticipated completing before the year-end had been delayed. The impact on the 2019 Order Intake metric has been meaningful as, had the order been signed, the Company would have achieved Order Intake growth in 2019 in line with this guidance.

Meeting our guidance on Order Intake depends upon building the highly profitable license and usage revenues and rolling solutions out across our customers' organizations. In 2019 we made strong progress in building the foundations for this growth, signing 12 new customers and starting them off on the process of building solutions, which will in turn grow significantly and drive growth in Order Intake from current levels. Late in 2019 we began to see signs of this growth with AT&T extending their solution to their entire 11.5m Broadband customer base; and Swisscom increasing the volume of usage by more than 5 times in the first quarter of 2020.

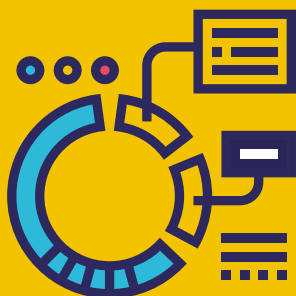
So, whilst our growth in Order Intake in 2019 ran below our long to medium term guidance we believe we have the foundations in place to meet or exceed that guidance in the medium term.



Gross Margin above 70% from 2020

A key area of focus is changing the mix of revenues from the less profitable professional services, support and hosting revenues, to the much more profitable license and usage revenues. This is because we own all our Intellectual Property, so there is a very low cost of sale. Our guidance is based on growing revenues by driving these more profitable license and usage revenues by expanding usage in our existing customers as well as delivering more business through our Partners who deliver the less profitable professional services. In 2019 we increased the amount of revenue delivered by our partners to 45% (32%) and Usage revenue increased by 45% to SEK 7.7M.

As a result, Gross Margin increased from 45% to 61% of sales in 2019, clearly on track to our predicted target in 2020.



Usage to exceed 80% of
revenue from 2022



Cashflow positive
from 2020

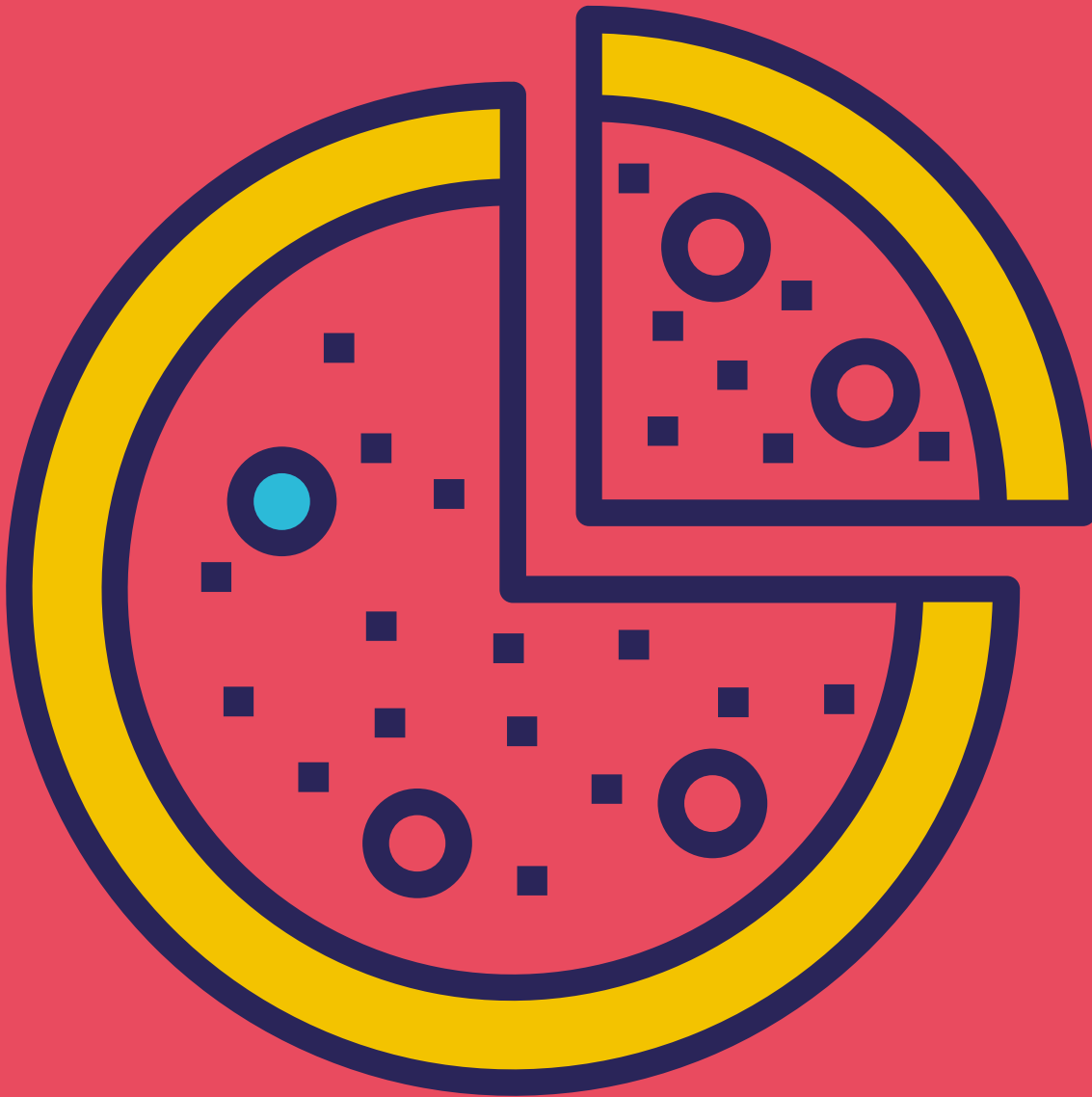
Usage revenue is charged to our customers on a per session or per interaction basis. In the early stages of a project usage revenue will be low, if any, as the customer builds their solution. Once the solution is complete and goes live, the balance of revenues changes completely, driving usage revenue, whilst professional services, hosting and support remain at the same level or reduce. With a number of our existing customer projects going live as well as a growing number of projects being delivered by our partners, 2019 Usage revenue has grown to 16%, up from 11.8%. During this period almost all our projects were in the early pilot stages and were not yet generating significant amounts of usage. We did begin to see customers expanding the use of their solutions at the end of 2019 and this has continued into 2020. Recently we have seen the volume of usage grow by a factor of five. Projects in several new accounts signed in 2019 have not yet reached this expansion stage although we do expect that to happen in 2020 and beyond.

With the customers and projects we have in place, we believe we have a good foundation to expect that by the end of 2022, 80% of revenues will come from the highly profitable Usage revenue.

The final area of guidance predicts that Artificial Solutions will become cashflow positive in 2020, i.e. generating cash from operations. Building the Teneo Platform and a sales and support infrastructure capable of providing enterprise level support to global organizations and government departments has required investment. Similarly, in order to gain traction in these markets we have invested heavily in supporting customers and partners in early projects, ensuring they are successful and building confidence to grow use cases, languages and platforms to drive increased revenues indicated in the earlier guidance.

We believe that we have the organization in place to both drive and meet the demands of growing revenues and as such we do not expect to see significant increases in expense as revenues grow. Additionally, we do expect revenues to grow and particularly the more profitable license and usage revenues. We also believe that as customers become accustomed to higher volumes of usage, they will take advantage of advance purchase options, buying blocks of usage in advance in volume, which will further accelerate the collection of cash.

However, the uncertainties of the Covid-19 crisis, both positive and negative, are too difficult to accurately quantify at this stage. As a result, we will continue to monitor the impact of the crisis and revisit this element of guidance during 2020.



FINANCIAL REPORT

Annual Accounts and Consolidated Accounts of Artificial Solutions International AB

MANAGEMENT REPORT

SCOPE AND TYPE OF OPERATIONS

The board and the managing director of Artificial Solutions International AB hereby submits the annual accounts and the consolidated account for the financial period 1 January 2019 to 31 December 2019. The annual report has been prepared in Swedish Krona (SEK) with all figures stated in SEK thousand, unless otherwise stated.

As set out elsewhere in this report, whilst the Board of Directors and CEO remain confident as to the future development of the Conversational Artificial Intelligence Market following the Covid-19 crisis, the precise nature and timing of the impact of the crisis, particularly on revenues and cash in the short term are, at the time of this report, difficult to predict.

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of Artificial Solutions Holding ASH

AB (ASH): was completed in February 2019. In the accounting of the Reverse Takeover, Artificial Solutions International AB (previously Indentive AB) is seen as the acquiring entity. The purchase price totaled SEK 25.8M, of which SEK 22.1M has been treated as a listing expense and is reported in the income statement as other external cost. Otherwise there are no other group excess value or default value to consider. There have been no adjustments for synergies or integration costs in the financial information.

Directed share issue: A directed share issue was carried out through set-off of debt to a supplier of SEK 0.96M which, in accordance with the board of directors resolution (after a previous authorization), was converted into shares, of which share capital (SEK 0.13M) and share premium fund (SEK 0.83M).

Dividend of the Indentive Värdepapper Group: At the annual general meeting held on 28 February 2019, it was resolved to conduct a dividend in kind of the Indentive Värdepapper AB.

Teneo Fusion: In April 2019 Artificial Solutions announced the release of Teneo Fusion, the latest version of the company's revolutionary conversational AI development platform. This new release blends significant enhancements to the Teneo Platform and adds business value measurements to deliver the ultimate conversational AI experience.

Directed share issue: In June 2019 Artificial Solutions closed a directed share issue of 2,736,847 shares raising a total of SEK 65.7M, prior to transaction costs.

Patent revaluation: In September 2019, the Company announced that the value of its patent portfolio has grown by more than 50% to USD 153M (SEK 1.46B) after a valuation by Oxfirst Ltd, a professional firm of patent valuers. The increase in value is driven by many factors including the substantial increase in the number of forward citations of Artificial Solutions' founding patents in conversational AI technology. Since 2016, many of the largest software companies in the world including Apple, Nuance, Google and IBM have cited Artificial Solutions' pioneering patents, confirming our position as a leading innovator in this field. Whilst this is a significant increase in the valuation, the assessed value of the Group's Patent Portfolio is not included in the Financial Statements.

FUTURE DEVELOPMENTS, RISKS AND UNCERTAINTIES

The Group has experienced strong order intake and revenue growth and is growing towards cash flow positivity. However, the uncertainties of the Covid-19 crisis, both positive and negative, make it too difficult to accurately predict the precise timing of cash flow positivity at this stage. As a result, the Board will continue to monitor the impact of the crisis. The company has taken the necessary steps to address the financing requirement until cash flow positivity. It is the Board's expectation that the measures taken will adequately meet the Group cash requirements. It is Artificial Solutions' Board assessment that the existing Working Capital, the possibility to obtain access to cash and equivalents in order to perform its payment obligations as they fall due, is sufficient to meet current requirements.

Artificial Solutions International AB expects to grow its revenues in line with market expectations for the Artificial Intelligence market. The Company expects to continue to develop the markets in which it operates adding new customers and partners. It will continue to develop the Teneo Platform to ensure it remains ahead of the market and its competition.

Macroeconomics: Artificial Solutions conducts its business in several markets around the world. For this reason, Artificial Solutions is affected by general economic, financial and political conditions on an international level.

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

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

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 solutions, 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 solutions 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: 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.

PRODUCT 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 four research and a development centers located in Sweden, Spain, the UK and Germany. Its activities are focused on continuing improvements to the Teneo Platform. It is also responsible for the company's patents that protect its technology platform. Patents range from the Teneo Platform through the training data and automation of building Conversational AI solutions to the Hybrid approach used within the Teneo platform.

POST BALANCE SHEET EVENTS

On 26 February 2020, the Company completed a Rights Issue of 18,532,998 shares raising a total of SEK 120.5M.

As part of the Rights Issue, loans totaling SEK 56.4M were converted into 8.7M shares.

On 11 March 2020, a loan of SEK 18M was repaid in full.

On 29 April 2020, the Company announced that in response to the COVID-19 pandemic, that it had taken steps to maximize its cash resources with a range of staff and non-staff cash conserving measures.

On 22 March 2020 SEK 13.65M of loans, interest and charges due from Indentive Värdepapper AB were converted to 27.36M ordinary shares in Indentive Värdepapper AB.

Immediately following the conversion into shares, the group sold 11.50M shares for proceeds of SEK 115K. Following completion of these transactions Artificial Solutions held 15.86M shares (24.8%) of Indentive Värdepapper AB. This transaction does not change the impairment assessment on the asset which has been provided for in full in 2019. The proceeds of sale of shares is recognized as investment income in Q1 2020.

Artificial Solutions agreed a 12-month extension of the SEK 52M Bonds previously due for repayment on 5 June 2020. Repayment of the Bonds will now be due on 5 June 2021. Additionally, the terms of the Bond are amended such that in the event the Bonds are redeemed on or prior to 31 December 2020, they will be redeemed at an amount per Bond equal to 100 per cent of the nominal amount, but if the Bonds are redeemed in 2021 there will be a monthly step-up in the redemption amount up until the final maturity date on which the Bonds will be redeemed at an amount per Bond equal to 110 per cent of the nominal amount. All other terms remain the same.

On 27 May 2020, Artificial Solutions purchased SEK 15M of Bonds due for repayment on 5 June 2020. On the same day, 27 May 2020, it sold SEK 15M of Bonds due for repayment on 5 June 2020.

USE OF FINANCIAL INSTRUMENTS

Related party transactions

In May 2019 the company received a convertible loan of SEK 13.6M from Scope, carrying an interest of 12% per annum and an arrangement fee of 7%. On November 2019, the company received a convertible loan of SEK 22.8M carrying a 10% per annum interest. As part of the closing of the 2020 Rights Issue, the entire value of both loans were converted into 6.0M shares.

In April and May 2019, the company received convertible loans of SEK 3.1M from Vencom Group Holding B.V. This loan carried interest of 12% per annum and an arrangement fee of 7%. The entire value of the loan was converted into 133k shares as part of the June 2019 Directed Share Issue.

Other transactions

In February 2019, Artificial Solutions was granted loan commitments by several lenders of SEK 26.1M in total. The loan commitments are valid up until 30 June 2020. As of 31 December 2019, the Company has utilized SEK 3.6M of the amount granted.

In February 2019, the company entered into two loan agreements, of SEK 65.4M and SEK 20.6M, which remain outstanding as of 31 December 2019. Both loans mature on 31 March 2021.

A loan agreement between Artificial Solutions and a third party existing from previous year, remains outstanding (SEK 10.4M). The loan matures on 31 March 2021.

In June 2019, a third party granted Artificial Solutions a loan of SEK 18M, which was fully repaid in September 2019. At that date, the company entered into a new loan agreement (SEK 18M) with that same party, which as of 31 December 2019 is still outstanding. The loan maturity was on 10 March 2020 and at the date of preparing this annual report, was fully repaid.

In March 2019, Artificial Solutions received a bridge loan of SEK 3.1M, which was converted into 134K shares on June 2019, as per a Directed Share Issue.

In December 2018 Artificial Solutions Holding issued senior secured fixed rate bonds to an amount of SEK 52M. The loan with maturity date on June 2020, has been extended to June 2021 (refer to post-balance sheet events).

OWNERSHIP

The Parent Company is Artificial Solutions International AB, formerly Indentive AB, (State: Sweden). On 28 January 2019, Artificial Solutions (previously Indentive AB, a company listed in Nasdaq First North Growth Market) entered into an agreement to acquire all shares and warrants in Artificial Solutions Holding by an issue in kind (the "Reverse Takeover").

The Reverse Takeover was subject to approval by Artificial Solutions' annual general meeting held on 28 February 2019. Immediately following the completion of the Reverse Takeover, Artificial Solutions Holding's shareholders held approximately 97.75% of the shares and votes in Artificial Solutions, and the existing shareholders of Indentive AB held approximately 2.25% of the shares and votes in Artificial Solutions. As such for comparison purposes, the Parent Company excludes all Indentive Värdepapper transactions.

On March 5th the Reverse Takeover of Artificial Solutions Holding ASH AB by Indentive AB was completed. Immediately following the acquisition, Indentive AB changed its name to Artificial Solutions International AB and was listed on NASDAQ First North with its first day of trading on 12th March 2019.

Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm under the symbol "ASAI". Number of shares as of December 31, 2019 was 24,710,665 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.80. All shares have been fully paid and are freely transferable. The largest owner is Scope, which at the date of preparation of this Annual Report holds 38.8% shares (43.8% at 31 December 2019).

	2019	2018
Number of shares at the end of the period	24,710,665	14,215,572
Average number of shares before dilution	19,506,456	10,283,115
Average number of shares after dilution	20,329,744	10,536,765

There is a minority interest on the group of a shareholder with an ownership of 0.06%. At 31 December 2019 that minority interest has not been resolved. As per materiality, the company has not disclosed that minority interest on the Financial Statements below.

INCENTIVE PROGRAM 2016/2019:

The company had a stock program which included 7,500 warrants each of which gave the right to subscribe for 33.82 shares Series B in the Company with subscription price SEK 13.30 per share and subscription period 1 April 2019 - 30 June 2019. The program was aimed at staff, consultants, senior executives and board of directors. None of the warrants were executed at the end of the subscription period.

INCENTIVE PROGRAM 2019/2022:

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

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

INCENTIVE PROGRAM 2019/2024:

At the Annual General Meeting of Artificial Solutions on 28 February 2019, it was resolved to introduce a long-term incentive program in the form of a warrant program, Incentive Program 2019/2024. The incentive program is directed to senior executives and other key personnel. Artificial Solutions issued 978,135 warrants to the subsidiary Artificial Solutions Holding ASH AB, which subscribed for all warrants. As of 31 March 2019, Artificial Solutions Holding ASH AB has allocated 859,720 warrants to employees within the Group for SEK 11.26 per warrant to employees in Sweden and without consideration to employees outside of Sweden.

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

SALES, PROFIT/LOSS AND FINANCIAL POSITION

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

Key figures	2019	2018	2017	2016
Net sales	49,139	44,933	47,931	34,390
Operating loss	-145,977	-118,751	-90,505	-79,232
Loss after financial items	-181,749	-146,132	-104,973	-96,025
Total intangible assets	31,738	29,430	38,129	53,123
Total assets	75,288	106,494	64,450	85,570
Total equity	-190,364	-86,423	-74,087	-17,263
Solidity	-253%	-81%	-115%	20%
Average no. of employees	106	105	100	83

KPIs	2019	2018	2017	2016
Order Intake	62,699	55,354	54,445	40,595
Order Backlog	49,927	35,207	23,448	17,671
Gross Margin	29,780	20,211	24,796	15,470
Gross Margin (%)	61%	45%	52%	45%
Adjusted EBITDA	-112,779	-100,284	-77,101	-57,536
Usage Revenue	7,660	5,333	6,466	1,744
Usage Revenue %	16%	12%	13%	5%
Partner Order Intake %	46%	50%	27%	7%
Partner Revenue %	45%	32%	18%	9%

PROPOSAL FOR THE TREATMENT OF THE UNAPPROPRIATED EARNINGS

The Group

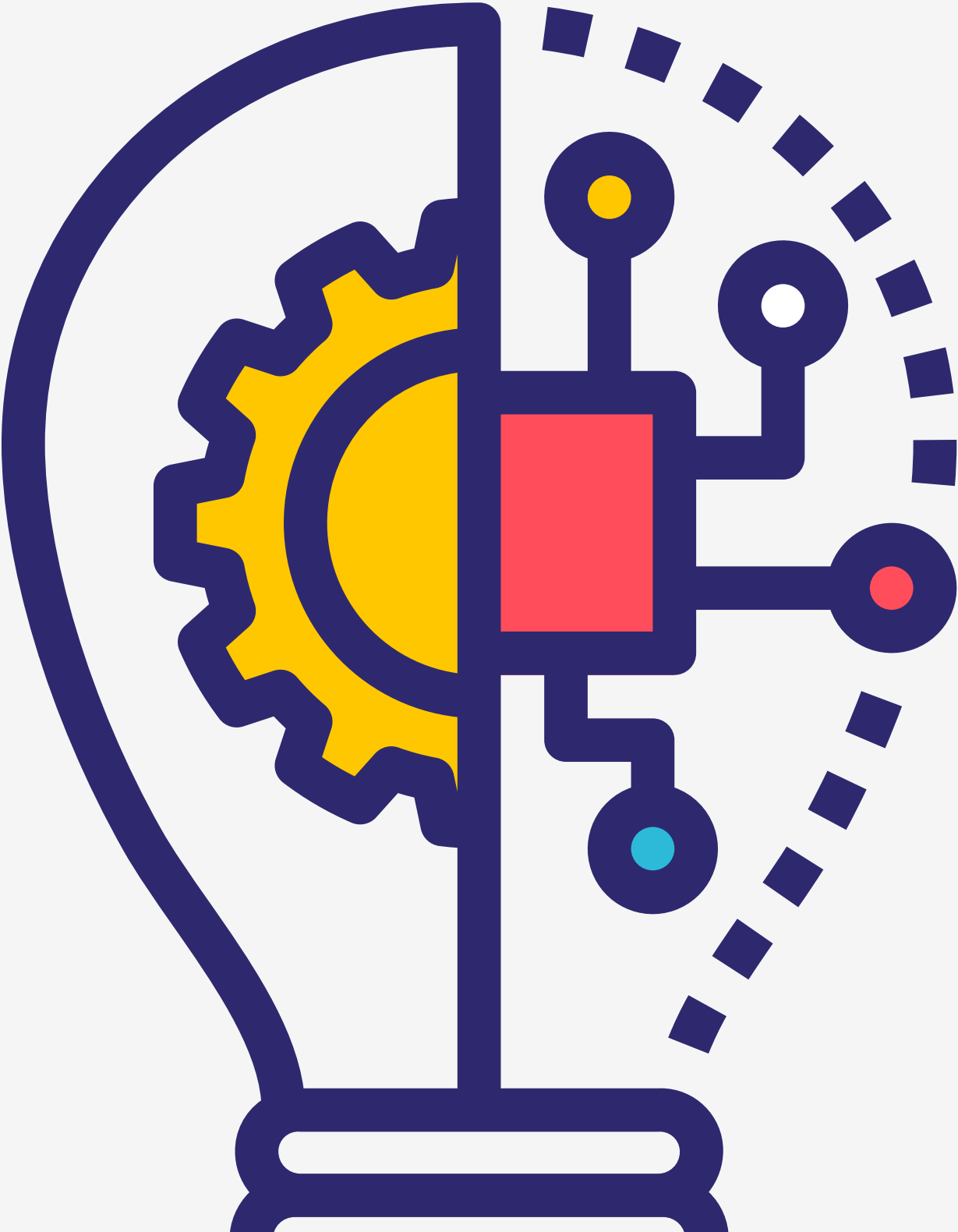
The Group's non-restricted equity amounts to SEK -234,843K of which SEK -181,749K are losses for the current year.

The Parent Company

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

	2019
Share premium reserve	1,103,083
Other equity including result for the period	35,120
Result for the year	-874,328
	263,875
The board proposes that the following be carried forward	263,875
	263,875

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. The 2018 financial statements were prepared in Euros, for comparative purposes the company has converted all of the prior year amounts to SEK.



CONSOLIDATED INCOME STATEMENT

KSEK	Note	1 JAN 2019 - 31 DEC 2019	1 JAN 2018 - 31 DEC 2018
Operating income, etc.			
Net sales	3	49,139	44,933
Capitalized amount for own accounts	7	12,032	12,168
Other operating income	3	7,349	5,308
Total operating income		68,519	62,409
Operating expenses			
Other external costs	4, 5, 6	-62,743	-51,526
Personnel costs	7	-117,766	-105,872
Depreciation and amortization on fixed assets	12, 13	-11,634	-23,732
Other operating expenses	8	-22,354	-31
Operating loss		-145,977	-118,751
Result from financial investments			
Interest income and similar items	9	11,394	3,559
Interest expenses and similar items	10	-47,166	-30,939
Loss after financial items		-181,749	-146,132
Tax on profit for the year		-	-16
NET LOSS FOR THE YEAR		-181,749	-146,148

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2019	31 DEC 2018
ASSETS			
<i>Fixed assets</i>			
Intangible assets	12		
Capitalized expenditure for development of content		31,738	29,430
Goodwill		-	-
Total intangible assets		31,738	29,430
Tangible assets			
Equipment, furniture and fittings	13	1,822	1,782
Total tangible assets		1,822	1,782
Total fixed assets		33,560	31,212
Other non-current receivables		5,444	5,514
Total non-current assets		39,004	36,726
<i>Current assets</i>			
Current receivables			
Tax receivable		12,750	9,054
Accounts receivable - trade		9,073	5,738
Other receivables		2,501	3,370
Prepaid expenses and accrued income	16	7,524	4,807
Total current receivables		31,847	22,969
Cash and bank balances		4,437	46,800
Total current assets		36,284	69,768
TOTAL ASSETS		75,288	106,494

CONSOLIDATED BALANCE SHEET

KSEK	Note	31 DEC 2019	31 DEC 2018
EQUITY AND LIABILITIES			
Equity	17		
Share capital		44,479	37,385
Share premium reserve		1,103,083	774,915
Other equity including result for the year		-1,337,925	-898,723
Total equity		-190,364	-86,423
Long-term liabilities			
Liabilities to other lenders	18	12,083	52,317
Total Long-term liabilities		12,083	52,317
Current liabilities			
Liabilities to other lenders	18	210,819	93,650
Accounts payable - trade		6,060	3,729
Income tax liability		106	24
Other liabilities		3,735	4,329
Accrued expenses and deferred income	19	32,849	38,868
Total current liabilities		253,569	140,600
TOTAL EQUITY AND LIABILITIES		75,288	106,494

CONSOLIDATED CHANGE IN EQUITY

KSEK	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER EQUITY INCLUDING RESULT FOR THE YEAR	TOTAL EQUITY
Amount brought forward	37,385	774,915	-898,723	-86,423
New share issue	7,094	336,565	-254,554	89,105
Warrant premiums	-	-	2,986	2,986
Transaction costs	-	-8,397	-	-8,397
Loss for the year	-	-	-181,749	-181,749
Translation difference	-	-	-5,886	-5,886
Balance carried forward	44,479	1,103,083	-1,337,925	-190,364

CONSOLIDATED CASH FLOW STATEMENT

KSEK	Note	1 JAN 2019 - 31 DEC 2019	1 JAN 2018 - 31 DEC 2018
Operating activities			
Operating loss		-145,977	-118,751
Depreciation/amortization on assets		11,634	23,732
Adjustments for items excluded from cash flow statement	22	12,856	-576
Total operating activities		-121,487	-95,595
Interest paid and received		-10,385	-14,854
Taxation paid and received		3,704	-
Cash flow from operating activities before changes in working capital		-128,167	-110,450
Cash flow from changes in working capital		-15,214	-11,498
Cash flow from operating activities		-143,381	-121,948
Investing activities			
Payments to acquire tangible fixed assets		-1,011	-263
Payments to acquire intangible fixed assets		-12,634	-12,836
Cash flow from investing activities		-13,646	-13,098
Financing activities			
New share issue		65,684	132,212
Cost of new share issue		-8,397	-3,568
Change in loans		57,377	48,154
Cash flow from financing activities		114,664	176,798
Net change in cash and cash equivalents		-42,363	41,752
Cash and cash equivalents beginning of the year		46,800	5,048
Cash and cash equivalents end of the year		4,437	46,800

PARENT COMPANY INCOME STATEMENT

KSEK	Note	1 JAN 2019 - 31 DEC 2019	1 JAN 2018 - 31 DEC 2018
Operating income, etc.			
Net sales	3	2,421	13,375
Capitalized amount for own accounts		-	4,025
Other operating income	3	551	215
Total operating income		2,972	17,615
Operating expenses			
Other external costs	4, 5, 6	-21,028	-12,824
Personnel costs	7	-	-24,354
Depreciation and amortization on fixed assets	12, 13	-	-1,105
Operating loss		-18,055	-20,668
Result from financial investments			
Interest income and similar items	9	2,409	-
Interest expenses and similar items	10	-18,132	-285
Loss from shares in group companies	11	-840,550	-1,000
Loss after financial items		-874,328	-21,953
Result before tax		-874,328	-21,953
Tax on result for the year		-	-
NET RESULT FOR THE YEAR		-874,328	-21,953

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2019	31 DEC 2018
ASSETS			
<i>Non current assets</i>			
Financial assets			
Participations in Group companies	14	281,000	21,770
Receivables from Group companies	15	103,635	-
Total Financial assets		384,635	21,770
<i>Total non current assets</i>		384,635	21,770
<i>Current assets</i>			
Current receivables			
Other receivables		1,074	3,000
Accounts receivable - trade		697	-
Prepaid expenses and accrued income	16	3,938	5,246
Total current receivables		5,708	8,246
Cash and bank balances		728	-
<i>Total current assets</i>		6,436	8,246
TOTAL ASSETS		391,071	30,016

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 DEC 2019	31 DEC 2018
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity			
Share capital	17	44,479	2,843
Total restricted equity		44,479	2,843
Non-restricted equity			
Share premium reserve	17	1,103,083	58,865
Other equity including result for the period		35,120	-15,101
Result for the year		-874,328	-21,953
Total non-restricted equity		263,875	21,812
Total equity		308,354	24,655
<i>Long-term liabilities</i>			
Liabilities to other lenders	18	1,200	419
Total Long-term liabilities		1,200	419
<i>Current liabilities</i>			
Liabilities to other lenders	18	73,830	725
Accounts payable - trade		3,071	2,309
Liabilities to Group companies		2,834	253
Other liabilities		149	-
Accrued expenses and deferred income	19	1,634	1,656
Total current liabilities		81,518	4,942
TOTAL EQUITY AND LIABILITIES		391,071	30,016

PARENT COMPANY CHANGE IN EQUITY

KSEK	SHARE CAPITAL	PREMIUM RESERVE	NON RESTRICTED RESERVE	PROFIT/LOSS FOR THE YEAR	TOTAL EQUITY
Amount brought forward	2,843	58,865	-15,100	-21,953	24,655
Transmission of previous years loss	-	-	-21,953	21,953	-
New share issue	41,636	1,052,614	92,290	-	1,186,540
Warrant premiums	-	-	1,654	-	1,654
Transaction costs	-	-8,397	-	-	-8,397
Dividend Indentive Värdepapper	-	-	-21,770	-	-21,770
Loss for the year	-	-	-	-874,328	-874,328
Balance carried forward	44,479	1,103,083	35,120	-874,328	308,354

PARENT COMPANY CASH FLOW STATEMENT

KSEK	Note	1 JAN 2019 - 31 DEC 2019	1 JAN 2018 - 31 DEC 2018
Operating activities			
Operating loss		-18,055	-20,669
Depreciation/amortization on assets		-	1,105
Total operating activities		-18,055	-19,564
Interest paid and received		-2,751	-285
Taxation paid and received		-	-219
Cash flow from operating activities before changes in working capital		-20,806	-20,068
Cash flow from changes in working capital		-87,782	-565
Cash flow from operating activities		-108,588	-20,633
Cash flow from investing activities		-	-4,087
Financing activities			
New share issue	17	65,684	10,845
Cost of new share issue		-8,397	-2,485
Change in loans	18	52,029	3,673
Cash flow from financing activities		109,316	12,033
Net change in cash and cash equivalents		728	-12,687
Cash and cash equivalents beginning of the year		-	12,687
Cash and cash equivalents end of the year		728	-

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 2019. 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

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 two to three years and the Company's experience is that the solutions become embedded in the customers business and as a result more than 80 per cent of licenses are renewed when they come to the end of their term. License Fees are due and payable annually in advance. Whilst customers will generally contract for a two- or three-year agreement, they will tend to only accept an invoice annually in advance. Revenues from Term Licenses are recognized ratably over the life of the agreement.

Support and maintenance

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

Usage Fees

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

Usage is based upon actual numbers of interactions, sessions, connected devices, etc., as agreed with the customer as the basis for charging. For example, in a customer service implementation, the usage fee may be linked to the number of service calls successfully handled by the automated assistant. In a quick-serve restaurant, it may be the number of orders handled by the voice assistant. Usage may be invoiced either on a "pay as you go" basis whereby each month or quarter the Company count the amount of Usage, apply the applicable rate and invoice the customer accordingly. Alternatively, Artificial Solutions also encourage its customers to buy usage in blocks in advance. The price list is designed to offer a discount for these advance purchases, such discounts increasing as volumes grow. Usage revenues are recognized on an "as delivered" basis.

Hosting

Although Teneo can be operated by the end user on their own servers, a number of customers requests that Artificial Solutions 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.

Professional services

There are a number of different consultancy services provided to support the building of Teneo-based Conversational AI solutions: (i) Conversational AI development – the creation of a knowledge base on the Teneo platform to support different use cases or solutions; (ii) The integration of the platform into the customer's existing architecture and integrations to other systems; (iii) Project Management to manage the overall project and coordinate various resources; and (iv) Data Scientists to review and analyze unstructured conversational data. All these activities are based solely on the Teneo platform. Due to the intuitive nature of the platform, these services may be delivered by Artificial Solutions, by an Artificial Solutions Partner or by the customer themselves. Customers are generally invoiced for professional services on an "as delivered" 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 four research and development centers. The centers are located in Sweden, Spain, UK and Germany.

Artificial Solutions' R&D budget is earmarked primarily for the continuing improvement and enhancement of the Teneo Platform including the next major release of Teneo that includes major new capabilities that will make the technology even more attractive to both the partner channel and Chief Information Officers within large enterprises.

Product Development is also responsible for the Company'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 considered to be of significant value for the company are accounted for as an intangible asset on the balance sheet. An intangible asset for development is recognized when it is technically feasible to complete the asset for use or sale, 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.

Interest Revenue

Interest income is recognized as it is earned. Interest income is calculated on the basis of 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 fittings	5 years

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

An intangible 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.

Goodwill

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

The forecasts of future cash flows are based on management's best estimates of future revenues and expenses. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness.

Changes to any of these or other key parameters can have an adverse effect on the forecasted cash flows and the company's ability to support the book value of goodwill and/or shares held in subsidiaries. Under current market conditions no such adverse changes are anticipated, but may do so in subsequent periods.

Financial assets

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

Receivables

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

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 payments or payments.

Cash and cash equivalents, in addition to cash and bank balances, are classified as Group account and short-term liquid investments that can easily be converted into a known amount and which are exposed to a negligible amount risk of value fluctuation.

Note 2. Estimates and judgments

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

Management has assessed the application of accounting principles and identified sources of uncertainty in estimates, principally related to the value of Intangible assets and the future revenue streams likely to be generated by sales of licenses and professional services. In arriving at these assessments Management has assessed carefully a number of potential transformational agreements under negotiation, independent valuations of the Group patent portfolio, as well as transactions involving similar companies. The nature and timing of these agreements remains subject to uncertainty.

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

The management considers that sufficient funds will be available to support the ongoing development of the solutions and the continuing sales cycles to fund the business.

Note 3. Net sales per source and other operating income

Net sales broken down by geographical market

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Europe and rest of the world	37,624	34,627	2,421	13,375
USA	11,515	10,306	-	-
Total Net Sales	49,139	44,933	2,421	13,375
Other operating income	7,349	5,308	551	215

Artificial Solutions Iberia has received confirmation that its application for a tax credit in respect of R+D in accordance with the Spanish law "Ley del Impuesto de Sociedades, art. 35 ", had been successful for the fiscal year 2018. The company will request for the tax refund of SEK 7,319k, which the company expects to receive during 2021. The cash related to tax credit recognized as other operating income in 2018, SEK 5,308k, was received by the company in January 2020.

Due to the nature of the R+D work undertaken and the requirements necessary for a successful application, no accrual has been made in respect of potential tax refunds for the fiscal year 2019, however it does remain a possibility that such a claim will succeed.

Note 4. Leasing commitments

During 2019 the Group's payments due to leasing commitments amounts to SEK 5,753k (2018 SEK 5,438k).

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

FUTURE MINIMUM LEASE PAYMENTS AMOUNT TO:	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
- within one year	3,984	1,417	-	1,426
- later than one year but within five years	720	133	-	-
- later than five years	-	-	-	-
Total	4,705	1,550	-	1,426

Note 5. Disclosure of audit fee and cost reimbursements

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Grant Thornton				
Audit engagement	890	780	631	100
Tax consultancy	183	27	183	-
Other services	1,425	1,529	-	-
Others				
Audit engagement	24	21	-	-
Total	2,521	2,356	813	100

Note 6. Transaction costs

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Transaction costs	6,423	8,383	7,916	-
Total	6,423	8,383	7,916	-

In 2019 the company has incurred in professional advice related to the "Transaction" for an amount of SEK 6,423k. The Group cost is lower than the parent company one due to 2018 overestimation costs linked to the transaction.

Note 7. Average number of employees, salaries, other remunerations and social security charges

AVERAGE NO. OF EMPLOYEES	2019		2018	
	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN
Parent company				
Artificial Solutions International AB	-	-	25	25
Total in parent company	-	-	25	25
Subsidiaries				
Germany	6	94%	5	80%
Great Britain	24	73%	27	76%
Italy	1	0%	1	0%
Netherlands	4	100%	3	100%
Singapore	2	100%	-	-
Spain	40	62%	41	57%
Sweden	17	64%	14	55%
United States of America	12	38%	13	34%
Total in subsidiaries	106	65%	105	61%

SALARIES, REMUNERATIONS, ETC....	2019		2018	
	SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)	SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)
Parent company	-	-	16,070	7,974 (2,188)
Subsidiaries	94,277	18,723 (3,118)	85,128	16,376 (2,739)

Out of total personnel costs in 2019 SEK 8,018k (2018 SEK 8,558k) have been capitalized as development expenditure.

SALARIES AND OTHER REMUNERATIONS ALLOCATED BY COUNTRY AND SPLIT BETWEEN MANAGEMENT AND OTHER EMPLOYEES	2019		2018	
	THE MANAGING DIRECTORS AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)	THE MANAGING DIRECTORS AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)
Parent company				
Sweden	-	-	5,324	18,720
Total in parent company	-	-	5,324	18,720
Subsidiaries in Sweden	5,446	7,282	3,019	10,665
Foreign Subsidiaries				
France	-	-	-	-
Germany	-	5,388	-	6,180
Great Britain	16,896	13,946	13,370	21,439
Italy	-	1,317	-	2,299
Netherlands	-	3,579	-	3,166
Spain	-	20,812	-	25,569
Singapore	55	2,810	-	-
United States of America	2,441	12,973	-	15,893
Total in subsidiaries	24,837 (2,601)	68,108 (1,173)	16,388 (1,562)	85,209 (656)

SEK 507k (2018 SEK 396k) of the Swedish subsidiary's pensions costs refers to managing director. SEK 559k (2018 SEK 492k) of the British subsidiary's pensions costs refers to the CEO and managing director.

No severance pay has been agreed with the managing directors. The senior management team is composed of ten men.

Remuneration to the Chief Executive Officer

		2019
NAME	POSITION	SALARIES AND OTHER REMUNERATIONS (OF WHICH BONUS, PENSION ETC...)
Lawrence Flynn	CEO	3,288
		3,288 (885)

Warrant Program Chief Executive Officer, SMT and Other Employees

		2019
POSITION		TOTAL LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST)
CEO		411
Other Management team		1,349
Other Employees		330
		2,090 (1,332)

Remuneration to the members of the board of directors

At the annual general meeting held on 28 February 2019, it was resolved that fees are to be paid for the period until next annual general meeting with the amount of SEK 450,000 to the chairman of the board and SEK 300,000 to each of the other members of the board, except for Fredrik Oweson who has renounced compensation for 2019.

The table below sets forth the remunerations to the board members (5 members in 2019, whereof 2 are women):

NAME	POSITION	2018 REMUNERATION
Björn Persson	Chairman of the board	200
Jan Johansson	Board member	100
Gunnar Jardelöv	Board member	100
Mattias Andersson	Board member	100
Anders Visell	CEO	1,470
Total		1,970

NAME	POSITION	2019 REMUNERATION
Asa Hedin	Chairman of the board	375
Bodil Eriksson	Board member	250
Jan Uddenfeldt	Board member	250
Johan Ekesiöö	Board member	250
Johan Gustavsson	Board member	250
Total		1,375

Warrant Program Board Members

POSITION	2019 TOTAL LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST)
Board Members	896
Total	896 (-)

Note 8. Other Operating Expenses

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Other operating expenses	22,354	31	-	-
Total	22,354	31	-	-

The company has expensed the full value of negative Goodwill, arising as an effect of the reversed take over, SEK 22,077k as Other Operating expenses (these items are non-recurring and have no cash impact).

Note 9. Interest Income and similar items

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest income	1,469	84	2,111	-
Exchange rate gains	9,925	3,475	298	-
Total	11,394	3,559	2,409	-

In the parent company, SEK 1,174k (2018 SEK 0) of interest income and similar income statement items is income from Group companies. SEK 935k (2018 SEK 0) correspond to interest income from private borrowers.

Note 10. Interest Expense and similar items

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest expenses	41,950	25,895	856,697	1,285
Exchange rate losses	5,216	5,044	1,985	-
Total	47,166	30,939	858,682	1,285

In the parent company, SEK 840,550k (2018 SEK 1,000k) of interest expense and similar expense statement items refers to impairment in Group companies (see Note 11).

SEK 28,619k (2018 SEK 25,895k) of interest expense and similar expense statement items on the Group, refers mainly to expense from private borrowers. SEK 13,307k refers to an impairment of the fully amount lend to a third party, which the company considers as doubtful to be collected.

Note 11. Result from shares in group companies

	PARENT COMPANY	
	2019	2018
Impairment Accrual	840,550	1,000

In the parent company, SEK 840,550k (2018 SEK 1,000k) of interest expense, refers to the impairment of the participation on the group companies.

Note 12. Intangible fixed assets

	THE GROUP	
LICENSES & IP RIGHTS	2019	2018
<i>Acquisition value b/f</i>	21,096	21,196
Purchases	-	-
Disposals	-2,777	-100
Exchange rate adjustments	211	-
Accumulated acquisition values c/f	18,531	21,096
<i>Amortization b/f</i>	-21,042	-21,100
Charge for the year	-30	-41
Disposals	2,755	100
Exchange rate adjustments	-210	-
Accumulated amortization c/f	-18,528	-21,042
Residual value acc. to plan c/f	3	55

CAPITALIZED EXPENDITURE FOR DEVELOPMENT	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
<i>Acquisition value b/f</i>	114,474	101,720	-	20,413
Purchases	12,634	12,754	-	4,025
Disposals	-	-	-	-24,438
Exchange rate adjustments	2,031	-	-	-
Accumulated acquisition values c/f	129,139	114,474	-	-
<i>Amortization b/f</i>	-85,099	-69,958	-	-936
Charge for the year	-10,838	-15,142	-	-1,056
Disposals	23	-	-	1,992
Exchange rate adjustments	-1,492	1	-	-
Accumulated amortization c/f	-97,405	-85,099	-	-
Residual value acc. to plan c/f	31,734	29,375	-	-

GOODWILL	THE GROUP	
	2019	2018
<i>Acquisition value b/f</i>	134,796	134,796
Purchases	-	-
Disposals	-	-
Exchange rate adjustments	- 2,523	-
Accumulated acquisition values c/f	137,319	134,796
<i>Amortization b/f</i>	-134,796	-126,933
Charge for the year	-	-7,801
Disposals	-	-
Exchange rate adjustments	-2,523	-62
Accumulated amortization c/f	-137,319	-134,796
Residual value acc. to plan c/f	-	-
Net book value intangible assets	31,738	29,430

Note 13. Equipment, furniture and fittings

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Acquisition value b/f	8,098	7,998	-	293
Purchases	1,011	260	-	-
Disposals	-2,930	-160	-	-293
Exchange rate adjustments	151	-	-	-
Accumulated acquisition values c/f	6,330	8,098	-	-
Depreciation b/f	-6,316	-5,690	-	-186
Depreciation for the year	-766	-747	-	-48
Disposals	2,677	121	-	234
Exchange rate adjustments	-103	1	-	-
Accumulated depreciation c/f	-4,508	-6,316	-	-
Net book value carried forward	1,822	1,782	-	-

Note 14. Participations in subsidiaries

THE COMPANY NAME	CORP. ID NO.	DOMICILE	EQUITY	PROFIT/LOSS THIS YEAR
Artificial Solutions B.V.	34162309	Netherlands	-44,710	-19,057
Artificial Solutions (Netherlands) B.V.	52079155	Netherlands	590	390
Artificial Solutions Scandinavia AB	556256-4657	Sweden	552	-5,143
Artificial Solutions Holding ASH AB	556734-1556	Sverige	107,627	-252,910
Artificial Solutions Iberia SL	B62059068	Spain	569	-68,078
Artificial Solutions Germany GmbH	HRB162917	Germany	347	-6,166
Artificial Solutions France SAS	499228955RCS	France	-9,205	-260
Artificial Solutions UK Limited	06200470	Great Britain	-108,141	-10,753
Artificial Solutions Italia S.R.L.	09663760016	Italy	2,569	486
Artificial Solutions Inc	98-1119596	United States	-38,366	-11,811
Artificial Solutions Pte. Ltd	201905894M	Singapore	-3,640	-3,676

THE COMPANY NAME	NO. OF PARTICIPANTS	SHARE OF EQUITY %	BOOK VALUE
Artificial Solutions B.V.	200	100%	
Artificial Solutions (Netherlands) B.V.	18,000	100%	
Artificial Solutions Scandinavia AB	1,000	100%	
Artificial Solutions Holding ASH AB	3,646,109	100%	281,000
Artificial Solutions Iberia SL	500	100%	
Artificial Solutions Germany GmbH	1	100%	
Artificial Solutions France SAS	3,700	100%	
Artificial Solutions UK Limited	1,000	100%	
Artificial Solutions Italia S.R.L.	1	100%	
Artificial Solutions Inc	1,000	100%	
Artificial Solutions Pte. Ltd	1	100%	
			281,000

In 2019, Artificial Solutions B.V. has made unconditional shareholders contribution of SEK 6,153,165 to Artificial Solutions Germany GmbH, SEK 62,137,566 to Artificial Solutions Iberia SL, and conditional shareholders contribution of SEK 5,293,999 to Artificial Solutions Scandinavia AB.

In 2018, Artificial Solutions B.V. has made unconditional shareholders contribution of SEK 9,772,824 to Artificial Solutions Germany GmbH, SEK 63,092,657 to Artificial Solutions Iberia SL, and conditional shareholders contribution of SEK 3,059,991 to Artificial Solutions Scandinavia AB.

Note 15. Receivables from Group companies

	PARENT COMPANY	
	2019	2018
Accumulated acquisition value		
<i>Accumulated cost b/f</i>	-	-
Additional receivables	103,635	-
Settlement of receivables	-	-
Reclassifications	-	-
Accumulated cost c/f	103,635	-
<i>Accumulated impairment losses</i>	-	-
<i>Accumulated write-downs b/f</i>	-	-
Settlement of receivables	-	-
Reclassifications	-	-
Reversal of write-downs during the year	-	-
Write-downs during the year	-	-
Accumulated write downs c/f	-	-
Net book value carried forward	103,635	-

Note 16. Prepaid expenses and accrued income

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Prepaid rent	96	332	-	-
Prepaid Insurance	713	749	-	-
Prepaid Licenses	746	796	19	-
Accrued interests	1,200	837	559	-
Prepaid media space	3,298	-	3,298	3,298
Other items	1,470	2,092	63	1,948
Total	7,524	4,807	3,938	5,246

Note 17. Change in equity

Proposal for the treatment of the unappropriated earnings

The Group

The Group's non-restricted equity amounts to SEK -234,843k of which SEK -181,749k are losses for the current year.

The Parent Company

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

	2019
Share premium reserve	1,103,083
Other equity including result for the period	35,120
Result for the year	-874,328
Total	263,875
The board proposes that the following be carried forward	263,875
Total	263,875

Artificial Solutions' share capital amounted to SEK 44,479,197.76 distributed across 24,710,665 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.80. All shares have been fully paid and are freely transferable.

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

Note 18. Borrowings

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Long-term liabilities				
Liabilities to other lenders	12,083	52,317	1,200	419
Total	12,083	52,317	1,200	491
Current liabilities				
Liabilities to other lenders	210,089	93,650	73,830	725
Total	210,839	93,650	73,830	725
Grand total interest-bearing liabilities	222,902	145,967	75,030	1,144

The Group has outstanding current debt with related parties, see Note 21

Maturity

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

Note 19. Accrued expenses and deferred income

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Accrued compensations incl. social charges	15,280	14,371	124	-
Accrued board fees	-	-	-	627
Deferred income	12,269	10,536	1,007	-
Other items	5,300	13,961	504	1,029
Total	32,849	38,868	1,634	1,656

Note 20. Pledged assets and Warrants

PLEDGED ASSETS	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Cash and cash equivalents	2,500	6,500	-	-
Chattel mortgages	63,524	48,490	9,600	9,870
Total	66,024	54,990	9,600	9,870

Preexisting Warrants in Artificial Solutions Holding

67,876 warrants for B shares were not exercised at the time of the RTO and as such have lapsed and no further liability exists in respect of these warrants.

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	
	2019	2018	2019	2018
Management shareholders	90	84	2,963	450

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

On 30 April 2019, Artificial Solutions entered into a lease agreement with Vencom Property Partners AB (wherein Johan A. Gustavsson is chairman of the board). The lease agreement runs for two years, and the rental amounts to SEK 1.5M per year.

The Group has the following outstanding balances with related parties as of year-end, of which SEK 38,480k are short term borrowings.

	RECEIVABLES		LIABILITIES	
	2019	2018	2019	2018
Management shareholders	4,476	4,217	38,565	-

Note 22. Adjustments for items excluded from cash flow statement, etc.

	THE GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Translation differences	-5,886	-71	-	-
Tax Credit	-7,319	-	-	-
Distributed to Shareholders	-21,770	-	-	-
Issue of shares in kind	44,452	-	-	-
Other items	3,379	-505	-	-
Total	12,856	-576	-	-

Note 23. Post Balance Sheet Events.

On February 26, the Company completed a Rights Issue of 18,532,998 shares raising a total of SEK 120.5M. As part of the Rights Issue, loans totaling SEK 56.4M were converted into 8.7M shares.

On March 11 2020, a loan of SEK 18M was repaid in full.

On 29 April 2020, the Company announced that in response to the COVID-19 pandemic that it has taken steps to maximize its cash resources with a range of staff and non-staff cash conserving measures.

On 22 March 2020, SEK 13.65M of loans, interest and charges due from Indentive Värdepapper AB were converted to 27.36M ordinary shares in Indentive Värdepapper AB. Immediately following the conversion into shares, the group sold 11.50M shares for proceeds of SEK 115K. Following completion of these transactions Artificial Solutions held 15.86 million shares (24.8%) of Indentive Värdepapper AB.

This transaction does not change the impairment assessment on the asset which has been provided for in full in 2019. The proceeds of sale of shares is recognized as investment income in Q1 2020.

Artificial Solutions agreed a 12-month extension of the SEK 52M Bonds previously due for repayment on 5 June 2020. Repayment of the Bonds will now be due on 5 June 2021.

Additionally, the terms of the Bond are amended such that in the event the Bonds are redeemed on or prior to 31 December 2020, they will be redeemed at an amount per Bond equal to 100 per cent of the nominal amount, but if the Bonds are redeemed in 2021 there will be a monthly step-up in the redemption amount up until the final maturity date on which the Bonds will be redeemed at an amount per Bond equal to 110 per cent of the nominal amount. All other terms remain the same.

On the 27 May 2020, Artificial Solutions purchased SEK 15M of Bonds due for repayment on 5 June 2020. On the same day it sold SEK 15M of Bonds due for repayment on 5 June 2020.

Stockholm, 27 May 2020

Lawrence Flynn

Managing Director

Åsa Hedin

Chair of the Board

Bodil Eriksson

Board Member

Johan Gustavsson

Board Member

Johan Ekesiöö

Board Member

Fredrik Oweson

Board Member

Jan Uddenfeldt

Board Member

Our auditor's report was submitted on 27 May 2020

Grant Thornton Sweden AB

Carl Johan Regell

Auditor

Auditors Report

To the general meeting of the shareholders of Artificial Solutions International AB (publ)
Corporate identity number 556734-1556

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Artificial Solutions International AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 29-68 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 the parent company and the group as of 31 December 2019 and its 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 Artificial Solutions International AB (publ) 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.

Significant uncertainty regarding the assumption of going concern

We would like to draw the attention to the Management report under the section "Future developments, risks and uncertainties" where it is stated that the company and the Board made the assessment and took the necessary measures to manage the financing need until the cash flow became positive, and thus, according to the Board, there are prerequisites for going concern.

We have reviewed the company's liquidity forecasts and the assumptions made about future cash flows. In our assessment, as is common with startup companies, there are assumptions and assessments that are subject to significant uncertainty factors related to revenue forecasts and future financing opportunities. Based on our review, we make the assessment that there is uncertainty about running the business unless revenue forecasts are met, or other forms of financing are obtained.

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 1-28 and 72-82. The Board of Directors and the Managing Director are responsible for the 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 the consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Artificial Solutions International AB (publ) for the year 2019 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 Artificial Solutions International AB (publ) 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 type of operations, size and risks place on the size of the company'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 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.

Auditors 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 and 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 May 27, 2020

Grant Thornton Sweden AB

Carl Johan Regell

Authorized Public Accountant

Definitions

FINANCIAL MEASURES	DESCRIPTION
Order Intake	The value of contractually committed orders received from customers in the period.
Order Backlog	The value of contractually committed orders received from customers which have not yet been recognized as revenue.
Usage Revenue	The amount of revenue derived solely from the usage of the Teneo Platform.
Usage Revenue as % Total Revenue	Is calculated as the total usage revenue in the period as a percent of Total Revenue from Operations in the period.
Gross Margin	Is calculated by applying the cost of product delivered; for professional services the cost is taken as the average fully loaded cost of days invoiced to the customer.
Gross Margin, % Revenue	Is calculated as the total Gross Margin expressed as a per cent of Total Revenue in the period.
Partner % of Order Intake	The value of Order Intake received from Partners as a per cent of the total value of Order Intake in the period.
Partner Revenue %	The value of Revenue recognised from Partners as a per cent of the total value of Revenue in the period.
Net Sales	Revenue derived directly from the delivery of customer projects.
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortization adjusted for the one-off costs of the Reverse Takeover in March 2019
Solidity	Adjusted equity as a percentage of total assets
Average number of shares before dilution	Average number of shares during the period
Average number of shares after dilution	Average number of shares during the period including number of shares at full dilution
Average number of employees	calculated on a full-time equivalent employee basis

ARTIFICIAL SOLUTIONS



Senior Management Team



Lawrence Flynn
Chief Executive Officer



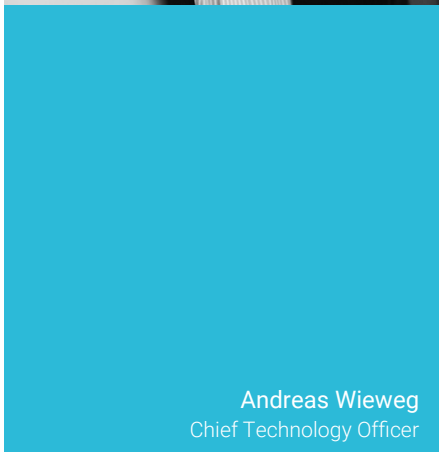
Chris Bushnell
Chief Financial Officer



Andy Peart
Chief Marketing & Strategy Officer



Peter Roost
Chief Operating Officer



Andreas Wieweg
Chief Technology Officer





Russ Tarr
Global Head of Sales



Dave Parsin
VP Sales North America



Gareth Walters
VP Innovation & Community



Darren Ford
VP Global Customer Services

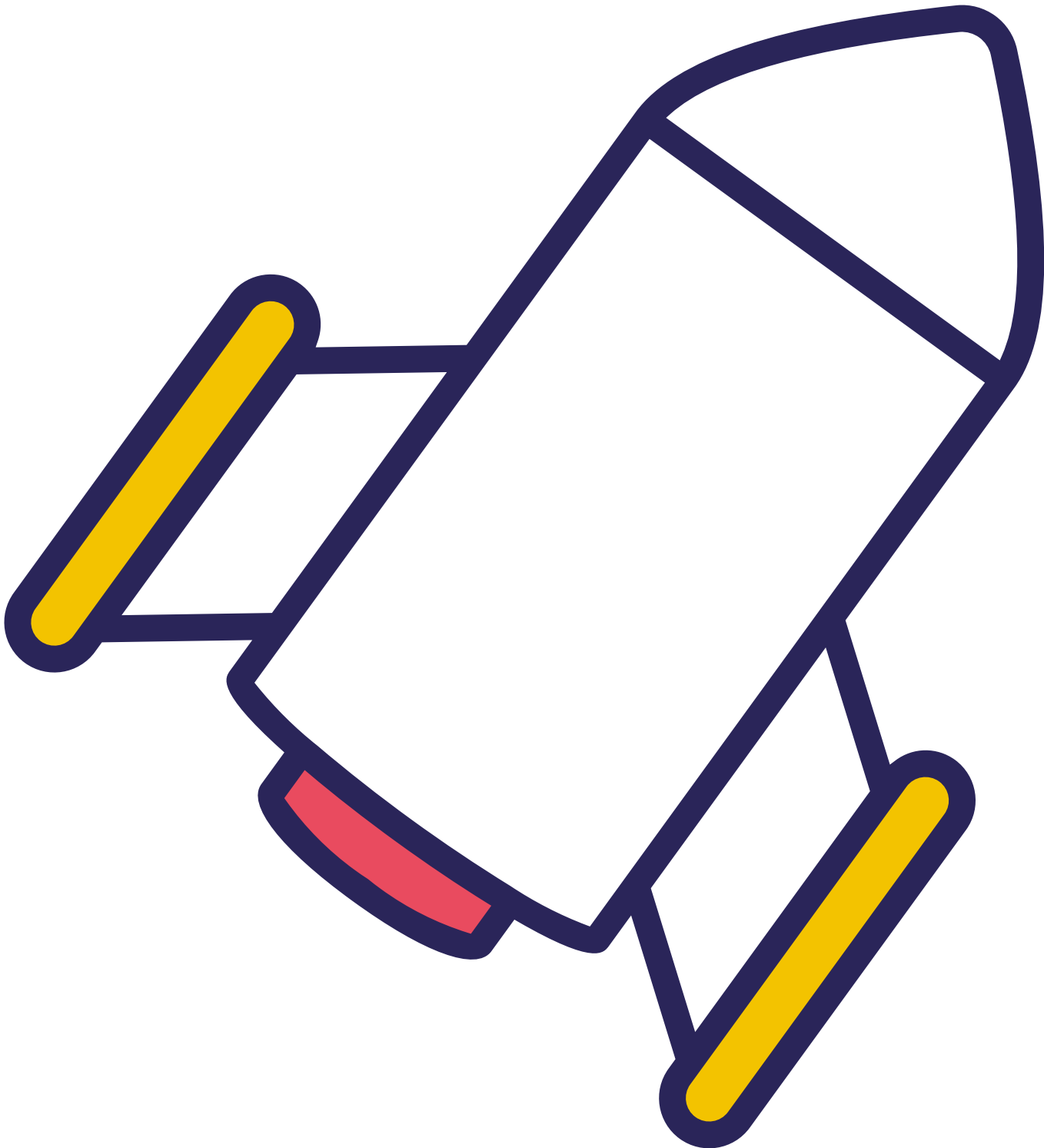


Chris Tew
VP Sales Asia Pacific



Board of Directors

	<p>Åsa Hedin Chair of the Board - Elected 2019</p>	
	<p>Bodil Eriksson Board member - Elected 2019</p>	
	<p>Fredrik Oweson Board member - Elected 2019 (in Artificial Solutions Holding since 2008)</p>	
	<p>Jan Uddenfeldt Board member - Elected 2019 (within the group since 2015)</p>	



Our People

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



WHAT DO YOU LIKE ABOUT THE CONVERSATIONAL AI MARKET?

Conversational AI technology is rapidly evolving which makes it a really exciting market to be a part of. Tools or techniques that might not have existed a year ago can become the market standard seemingly overnight. This makes it vital that companies in this space are agile and able to adapt quickly to the changing landscape.

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

My team have this running joke whenever someone new joins the company that it's like drawing a nationality, a country of residence and a native language out of a hat. It makes for a dynamic work environment where everyone brings their unique perspective to the table.

TELL US ABOUT A MEMORABLE MOMENT

One of the most fun things about building conversational AI systems is when you or someone in your team suddenly comes up with a really creative solution to a problem. "Teaching" natural language to a computer nearly always leads to a whole host of challenges so it's always exciting to see what people come up with to tackle these problems.

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

I really enjoy the fact that we all have a say in where to go next: from the Product team to Professional Services, we are all in a mindset of innovating around our core competencies to better serve customers.

ALEXANDER H
Presales Engineer
Singapore

WHAT'S THE BIGGEST CHALLENGE YOU FACE?

Incumbent competition is a significant challenge – some of the biggest names in tech today dominate the field and are perceived to offer the best there is. But in many cases their solution is not optimally suited for the customer's own use case, offering too little customization, or benefitting the tech company more than the customer, by withholding some of the key data and insights.

**ARTIFICIAL
SOLUTIONS**

NINA C
Director of Strategic
Partnerships
UK



WHAT CHANGE HAVE YOU SEEN IN THE CONVERSATIONAL AI MARKET?

The market has moved from being bleeding edge to leading edge. Our clients are moving from proofs of concept or pilots straight into deploying live production solutions. Use cases are also changing, as is the speed and readiness of our customers and partners to implement.

WHAT DO YOU LIKE ABOUT THE CONVERSATIONAL AI MARKET?

It's getting more mature and people now know more about what can be done with Conversational AI, compared to before when we had to educate them about the basics. This positively changes the conversation and any build. Also, our product is already very mature, much more than competitors. This means we can keep pace with the market as it changes.

LUCAS W
Solution Architect
Netherlands



References

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² MarketsandMarket - Conversational AI Market - Global Forecast to 2024 www.marketsandmarkets.com/Market-Reports/conversational-ai-market-49043506.html.

³ Gartner Newsroom: Gartner Predicts 25 Per cent of Digital Workers Will Use Virtual Employee Assistants Daily by 2021 <https://www.gartner.com/en/newsroom/press-releases/2019-01-09-gartner-predicts-25-percent-of-digital-workers-will-u>

⁴ Gartner Newsroom: Gartner Says 25 Per cent of Customer Service Operations Will Use Virtual Customer Assistants by 2020 www.gartner.com/en/newsroom/press-releases/2018-02-19-gartner-says-25-percent-of-customer-service-operations-will-use-virtual-customer-assistants-by-2020

⁵ Gartner: 4 Trends in Gartner Hype Cycle for Customer Service and Customer Engagement www.gartner.com/smarterwithgartner/4-trends-gartner-hype-cycle-customer-service-customer-engagement/



