QUARTERLY REPORT OCTOBER TO DECEMBER 2022

CONTINUED STRONG GROWTH – SAAS ARR GROWTH OF 167% YoY

OCTOBER TO DECEMBER 2022

- Net sales amounted to 13.0 MSEK (9.8), + 32%
- Recurring revenues amounted to 12.0 MSEK (8.8), + 36%
- SaaS ARR amounted to 25.1 MSEK (9.4), +167%
- SaaS API Call Volumes active clients 13.8 million (2.9), + 373 %
- Gross margin amounted 64% (72)
- EBITDA adjusted amounted to -18.8 MSEK (-15.6)
- Earnings per share amounted to -3.4 SEK (-2.8)

JANUARY TO DECEMBER 2022

- Net sales amounted to 45.7 MSEK (38.9), + 18%
- Recurring revenues amounted to 40.7 MSEK (30.2), + 35%
- SaaS ARR amounted to 25.1 MSEK, +167% compared with December 2021
- SaaS API Call Volumes active clients 13.8 million, + 373% compared with December 2021
- Gross margin amounted to 65% (70)
- EBITDA adjusted amounted to -78.0 MSEK (-58.5)
- Earnings per share amounted to -13.0 SEK (-10.6)

EVENTS DURING THE QUARTER

- Rights issue announced providing the company with 96 MSEK in February 2023
- Financial targets announced to clarify business potential and future KPIs
- Announcement that customer o2 Telefónica's Virtual Assistant handles + 1 million conversations per month
- New partnership with Neudesic, an IBM owned US based IT services company with extensive Microsoft competence
- 4 renewal SaaS agreement with GrapeTree, Skoda, Hellofresh and Scania
- 2 renewal agreements with an Italian bank and US TIAA
- First project gone live with one of the largest healthcare providers in the world
- New US Patent for Network of Knowledge Using a Common Communication Protocol

EVENTS AFTER THE QUARTER

- Successfully closed rights issue providing the company with 96 MSEK
- Renegotiated 250 MSEK PIK credit facility – a 4-year maturity and an interest cost of 4% p.a.
- New partnership with Accelerate Venture Holdings (AVH), AVH to use Teneo to build outbound calling capabilities
- New partnership with Valcon, a leading European consultancy services company
- ChatGPT access granted to Artificial Solutions through Azure Cognitive Services
- Launch of OpenQuestion, a new Voice and Conversational IVR Solution
- Company unveils rebranding and new website, Teneo.ai
- ISO 27001 certification
- Fredrik Oweson resigned as board member

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 18)

	OCT–DEC 2022	OCT–DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Net sales (MSEK)	13.0	9.8	45.7	38.9
Recurring revenues (MSEK)	12.0	8.8	40.7	30.2
SaaS ARR (MSEK)	25.1	9.4	25.1	9.4
SaaS API Call Volumes (Million)	13.8	3.0	13.8	3.0
Gross margin %	64%	72%	65%	70%
EBITDA Adjusted (MSEK)	-18.8	-15.6	-78.0	-58.5
Earnings per share, SEK	-3.4	-2.8	-13.0	-10.6
Cash flow from operating activities before financial items and taxation (MSEK)	-17.3	-17.4	-77.9	-38.2

CEO STATEMENT



Per Ottosson
CEO

Dear shareholders, colleagues, customers, and partners:

The fourth quarter 2022 was yet another strong growth quarter for ASAI. Our technology has its roots in the early 2000´s. It has been developed and finetuned for the time we are in now. At the end of 2022 two important world events happened that changed the market for our solution. Cost became important to companies and our solution enables large cost-savings. And at the same time FOMO hit the executive suite. **FOMO** in Artificial Intelligence. Fear Of Missing Out? On what? With the launch of ChatGPT from OpenAI the experimentation in AI has come to an end and managers are now demanding use of AI to provide business value. And Controllable AI which we provide will become an important part of how companies use these new technologies. During 2021 and 2022 we have been rebuilding our SaaS platform to make it easier to leverage different AI services in the Conversational AI universe to build a great customer facing experience. Our SaaS solution today uses all the Microsoft Cognitive Services like GPT 3.5 (the technology behind ChatGPT) and CLU and in fact we became Microsoft ISV of the year 2022 with this integration. We make it faster, controllable and scalable to use AI in interacting with humans.

To drive even more use of Teneo, we have launched a solution that 80% of all Enterprise customers need – OpenQuestion. OpenQuestion makes calling a contact center for support a pleasant experience since it replaces the traditionally frustrating keypad or keyword navigation with a simple proposition: Just ask the customers what they need help with and OpenQuestion routes to the right agent every time. What was not possible before, replacing an old IVR, can now be put in place in 90 days with Open Question and Teneo thanks to our new architecture. This solution will also have a lower Customer Acquisition Cost so that we can bring in more new customers with less cost.

At the same time to make it easier for customers we have moved all our Product information to Teneo.ai. Our SaaS Platform's name is Teneo and this is the name our customers know. All Investor Related information remains on https://www.investors.artificial-solutions.com

The rest of my CEO statement was written by the GPT 3.5 module in Azure with prompts from Teneo:

I am thrilled to report our company's impressive performance in Q4 2022, marked by significant revenue growth, successful capital raising, and key partnerships that will drive our continued success.

Our total net sales for the year reached 45.7 MSEK, representing an 18% increase from the previous year, driven by the efficiency of our SaaS business model, which saw a remarkable growth in SaaS API call of 373%.

Our capital raise, which was announced and concluded in Q1, resulted in an impressive 96 MSEK, enabling us to accelerate our growth plans, expand our product offerings, and create value for our shareholders.

We are proud to announce a new partnership with Neudesic, an IBM company, which brings new expertise and opportunities to our business. Additionally, our new O2 Telefónica Conversational Agent has already handled over 1 million customer conversations, demonstrating our commitment to delivering innovative solutions to our customers.

To ensure our future success, we have announced financial targets that will clarify our business potential and future KPIs. We are also excited to welcome Patrik Rosenberg as our new EMEA Vice President, who brings valuable experience and leadership to our team.

In conclusion, I am extremely proud of our company's accomplishments in Q4 2022, and I am confident that we are well-positioned for continued success in the years to come.

Thank you for your continued support.

Per Ottosson, CEO

Sales Development

REVENUE MODEL, KPI'S AND FINANCIAL TARGETS

The company introduced the SaaS business and delivery model in the fourth quarter 2020. Having analysed our customers behaviours the last 18 months on the SaaS model, we have defined our financial targets which links to key operational performance metrics. Our financial targets were announced in our third quarter report 2022 and are:

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

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

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

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

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

The subscription revenues in 1. above are to some extent linked to what the company previously has reported as License revenue. API call revenues in 2. are to some extent linked to what the company has reported as Usage revenues but going forward will be directly linked to the actual usage. The Teneo Data revenues in 3. are based on searchable data. On top of 1-3, revenues can also be generated from providing of Expert services.

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

RECURRING REVENUES AND ARR

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

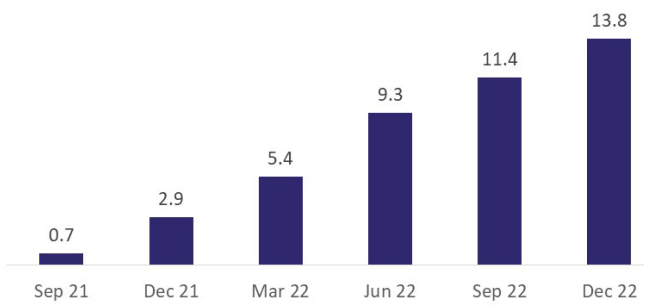
The impact from signed customer deals on the SaaS business model in 2021 and 2022 is increasing in importance in the fourth quarter 2022. In the last quarter of 2021, recurring revenues derived from SaaS customers constituted 24% of total recurring revenues. The recurring revenues derived from SaaS customers for the last quarter of 2022 amounted to 6.2 MSEK and constituted 52% of total recurring revenues, 12.0 MSEK, and 48% of net sales. This number will grow as we add more customers to the SaaS model, ramp up existing customers in terms of API call increases and as we continue to convert existing customers to the SaaS model.

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

The monthly SaaS API call volumes in active customers, increased to 13.8 million in December 2022 from 11.4 million in September 2022, equivalent to a 21% increase in one quarter only, and 373% compared to December 2021. See the graph below from December 2021 for graphical details. The SaaS API call volumes in January 2023 amounted to 15.8 million, an increase of 343% compared with January 2022. The existing non-SaaS customers experienced 5% API call volume growth between full year 2021 and full year 2022. The API calls generated by non-SaaS customers are not always directly linked to the Usage

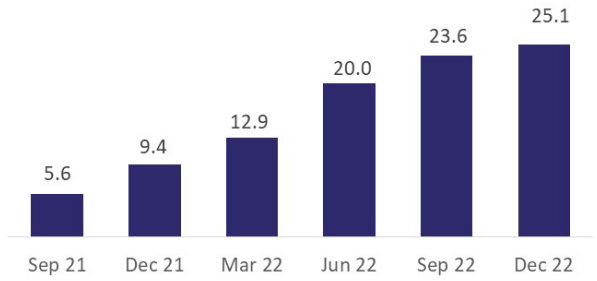
revenues and for that reason to avoid confusion we are not disclosing the volumes.

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

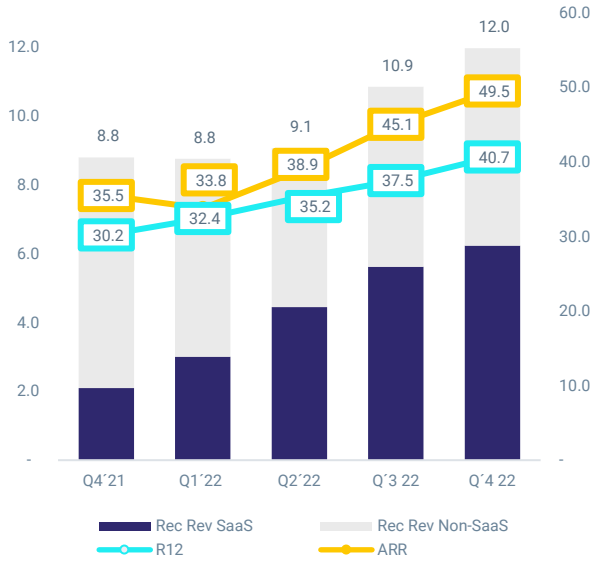


A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero. At the end of the fourth quarter 2022, we had 12 customers on the SaaS model. This corresponds to 8 net new SaaS customers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

SaaS ARR (MSEK) + 167% YoY



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



The recurring revenues (Usage, License and Support) for the fourth quarter 2022 amounted to 12.0 MSEK (8.8), equivalent to 92% (90) of net sales and an increase of 27% compared with the same period last year. The usage revenues (Usage) for the fourth quarter 2022 amounted to 5.7 MSEK (3.3), equivalent to 44% (34) of total net sales and an increase of 31% compared with the same period last year. Below is a table showing the quarterly revenues from the fourth quarter 2021 to the fourth quarter 2022 split by License & Support, Usage and Other and the combined recurring revenues.

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

On a rolling 12-month basis the recurring revenues (Usage, License and Support) in the fourth quarter 2022 amounted to 40.7 MSEK (30.2), equivalent to 89% (78) of total net sales and an increase of 15% compared with the same period last year.

OCTOBER TO DECEMBER 2022

Net sales for the fourth quarter 2022 amounted to 13.0 MSEK (9.8), equivalent to an increase of 32% compared to the same period last year. The recurring revenues (Usage+License+Support) in the fourth quarter 2022 amounted to 12.0 MSEK (8.8), equivalent to 92% (90) of total net sales and an increase of 36% compared with the same period last year. A high percentage of recurring revenues of total net sales provides stability and visibility and the foundation in our SaaS model.

Personnel costs in the fourth quarter 2022 amounted to -23.3 MSEK (-17.9), an increase of 30% compared to the same period last year. The increase is due to salary increases in first quarter 2022 combined with new hirings. Headcount has increased from 64 at the end of the fourth quarter 2021 to 74 at the end of the fourth quarter 2022. The increase in headcount is due to the focus on strengthening the product and sales workforce to accelerate growth.

Depreciation and amortization in the fourth quarter 2022 amounted to -3.0 MSEK (-3.1). Capitalized R&D for the same period amounted to 4.4 MSEK (3.9).

Total operating expenses, including depreciation and amortization, in the fourth quarter 2022 amounted to -40.7 MSEK (-35.1). The increase in operating expenses come from salary increases, new recruitments, as well as higher IT related costs.

The annual operating expenses run-rate, excluding depreciation and amortization, non-recurring items of 1.3 MSEK and cost of sales of 4.6 MSEK, in the fourth quarter has increased from -107 MSEK 2021 to -126 MSEK 2022. The average monthly operating expenses in the fourth quarter 2022, excluding depreciation and amortization. non-recurring cost items and cost of sales, amounted to -10.5 MSEK.

JANUARY TO DECEMBER 2022

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

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

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

The annual operating expenses run-rate, excluding depreciation and amortization, non-recurring items of 10.9 MSEK and cost of sales of 15.8 MSEK, have increased from -93 MSEK 2021 to -121 MSEK 2022. The average monthly operating expenses in the year 2022, excluding depreciation and amortization, non-recurring items and cost of sales, amounted to -10.1 MSEK.

FINANCIAL ITEMS AND TAX

Net financial items for the year 2022 amounted to 3.8 MSEK (1.1).

The interest costs for the fourth quarter 2022 amounted to -9.1 MSEK (-4.5). These are mainly the result of the capitalized transactional costs for the 5-year PIK loan credit facility that was signed in December 2021 together with the capitalized interest. The transactional costs amounting to -0.9 MSEK quarterly (recurring during the PIK loan tenure.) have been capitalized together with the new credit facility and are recorded monthly as financial costs in addition to actual interest costs for the credit facility itself.

The positive net financial items for the year are mainly a result of positive currency exchange rate differences.

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2021 in 2022.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash flow from operating activities before financial items and taxation for the fourth quarter 2022 amounted to -17.3 MSEK (-17.4) and to -77.9 MSEK (-38.2) for the year 2022. The full year 2021 cash flow was positively impacted with 24.5 MSEK due to the accounting transactions related to the voluntary liquidation of the investment in UK that started in 2020 and finished in 2021. The company reduced headcount significantly in the first quarter of 2021 and has since then invested in building out the SaaS sales and marketing operations and R&D organization and this can be seen in the increased adjusted full year cash flow from operating activities before financial items and taxation for the full year 2022 compared with 2021. The increase is, adjusted for the impact 2021 for the handling of the UK voluntary liquidation, approximately 15 MSEK full year 2022 compared with 2021 and the increase of the negative cash flow 2022 is related to higher number of employees and contractors coupled with other investments of more longer-term nature (ISO certification, SOC2 implementations and system investments).

Cash flow from operating activities before financial items and taxation for the fourth quarter 2022 amounted to -17.3 MSEK (-17.4) and is consequently more or less flat in 2022 compared with 2021 despite a higher cost structure in our operations.

Cash flow from operating activities after financial items and taxation for the fourth quarter 2022 amounted to -19.1 MSEK (-70.0) and -81.5 MSEK (-96.1) for year. The interest corresponds mainly to the transactional cost linked to the credit facility received in December 2021 and paid in the first quarter 2022. The group does not expect any other material cash payment linked to the credit until maturity date.

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

Cash flow from investing activities in the fourth quarter 2022 amounted to -4.9 MSEK (-4.0) and for the year to -14.5 MSEK (-14.3) and relate mainly to capitalized R&D expenditures. Cash flow from financing activities in the year 2022 amounted to -1.4 MSEK (133.7). To finance the negative cash flow from operating activities for the first nine months 2021, the company used 20 MSEK from existing convertible loan notes program and, also received 112.5 MSEK (after deduction of transaction costs) from the directed new share issue. On December 22, 2021, the company received 242.4 MSEK (upfront commitment fees deducted) in proceeds, from the 5-year credit facility. With these funds the company repaid almost all the existing debt as well as financed the negative cash flow from operating activities for the year 2021.

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

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

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

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

Other Information

ACCOUNTING POLICIES

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

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.

PARENT COMPANY

The parent Company is Artificial Solutions International AB (publ).

In the year 2022, net sales amounted to 1.4 MSEK (2.0), of which 1.3 MSEK (1.3) are recurring revenues. These are revenues from a single customer agreement entered into with the parent company. For the year 2022 operating expenses amounted to -15.5 MSEK (-15.6).

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

During the year, the company resolved the minority interest in one of its subsidiaries and the effect is that the group now is 100% owner of it.

FINANCING

On December 22, 2021, the company announced the closing of a 5-year credit facility of 250 MSEK carrying an interest margin of 10% and with PIK (payment in kind) interest, i.e., interest costs are capitalized and will not result in any cash interest payments during the tenure. The proceeds from the credit facility have been used for repayment of the company's existing debt and convertible notes. The company repaid more or less all existing debt. Following receipt of the proceeds from the new credit facility and repayment of debt and convertible debt in December 2021, the company had additional proceeds available for supporting the company's continued growth and execution of the new SaaS model strategy.

In December 2022, the company and lender Capital Four signed a binding amendment and restatement agreement regarding the facility agreement. According to the new terms for the facility agreement, all accrued interest, corresponding to approximately SEK 28 million, will be written off and the yearly interest rate onwards is adjusted down to a fixed 4.00 % interest rate. These amendments to the facility agreement will result in a debt reduction at the maturity of the facility agreement corresponding to approximately SEK 145 million in total. The renegotiation of the amendment of the credit facility was done in connection with the rights issue and was completed in February 2023. The restated facility agreement became effective on March 2, 2023.

In January 2022, the company received 6.4 MSEK in cash tax refund for performed R&D work in 2019, further strengthening the cash position of the company.

SIGNIFICANT RISKS AND UNCERTAINTIES

The company considers Covid 19 effects lapsed, so this risk is removed from the fourth quarter 2022 report.

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

The recent Silicon Valley Bank collapse, a bank with significant exposure to financing of start-up and growth companies, could have impact of the general financing market, but this risk is not considered as a risk factor to Artificial Solutions. The company interest rate on its existing loan is fixed to a 4% rate and with the last successful closing of the rights issue, the company does not have any immediate cash needs.

For further information about risks and uncertainties, see page 40 in the 2021 Annual report, which you can find on https://www.investors.artificial-solutions.com.

RELATED-PARTY TRANSACTIONS

During the second quarter 2022, the lease agreement with

Vencom Property Partners AB was fully terminated.

The company has a consulting services agreement with ASH&Partners AB, a company owned by Chair of board Åsa Hedin.

EMPLOYEES

The headcount end of December 2022 is 74 (64). The number of full-time equivalent employees in the group on December 31, 2022, amounted to 73 (63). In addition to the employed staff, the company also has commitments with specialized contractors, 6 consultants in total at the end of December 2022.

EVENTS DURING THE QUARTER

ORGANIZATION

During the fourth quarter 2022, the company has focused its recruitment on the product department, with 2 new employees joining this department.

CUSTOMERS

During the fourth quarter of the year, Artificial Solutions signed a number of renewal agreements: Renewal SaaS agreement with GrapeTree, a US healthcare staffing solutions company; Renewal SaaS agreement with Skoda, a global car manufacturer; Renewal SaaS agreement with Hellofresh, a global meal-planning and delivery company; Renewal SaaS agreement with Scania, a world-leading provider of transport solutions; Renewal agreement with the Italian bank BPM. Renewal agreement with a US based large bank.

Telefónica Conversational Agent, New o2, Telefónica O2's final deployment represents a major success for the telecommunications company, allowing it to significantly improve its customer service further and now handles more than 1 million interactions per month.

During 2022, Artificial Solutions signed a SaaS agreement with one of the largest National Healthcare Providers in the world. The implementation has gone live in the fourth quarter 2022. The customer has an initial commitment for 36 months.

PARTNERS KEY TO OUR STRATEGY

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

In November 2022, Artificial Solutions signed a partnership agreement with Neudesic, a company owned by IBM.

RIGHTS ISSUE ANNOUNCEMENT

In December 23, 2022, Artificial Solutions announced a partially guaranteed rights issue. The transaction was carried in order to continue developing the company's platform, Teneo®, accelerate the company's growth - in the form of API call volumes and increased recurring revenues and SaaS ARR (Annual Recurring Revenues) with the help of investments in marketing and sales activities and personnel. In February 2023, the company received the proceeds from the successful rights issue of in total 95.9 MSEK.

LEGAL COMPANY CHANGES

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

In December, 2022, the company continued with the decision of simplifying the legal structure by voluntary liquidating of our Italian entity, Artificial Solutions Italia SRL. The unit has no employees and was voluntarily liquidated by year end 2022 to reduce our operating costs. The existing customers were transferred to our Swedish entity, and the transaction is not expected to have any revenue impact but a positive impact on our operating expenses in 2023.

TAX CREDIT APPROVED

In December 2022, the R&D tax credit for 2021 was approved, which means that the company can expect to receive a cash tax refund of approximately 5 MSEK in January 2024.

US PATENT FOR NETWORK OF KNOWLEDGE USING A COMMON COMMUNICATION

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

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

FINANCIAL TARGETS

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

EVENTS AFTER THE QUARTER

TAX CREDIT REFUND

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

RIGHTS ISSUE PROCEEDS 96 MSEK

The successful rights issue provides the company with approximately SEK 95.9 million before deduction of costs related to the rights issue. The total number of shares after completion of the rights issue is 102,429,090.

FACILITY AGREEMENT RENEGOTIATED

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

ISO 27001 CERTIFICATION

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

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

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

PARTNERSHIP

In February 2023, Artificial Solutions signed a partnership agreement with Accelerate Venture Holdings, (AVH), a American venture capitalist firm that will use Teneo to build outbound calling capabilities.

OPENQUESTION

In February 27, 2023, Artificial Solutions launched OpenQuestion, a SaaS-based voice solution powered by Teneo that optimizes call routing in contact centers, leading to improved Telephone Experience (TX) and

reduced operating costs for enterprises in EMEA and the US. The solution can be rapidly deployed and after only 90 days, it reduces call misrouting by 90% compared to traditional keypad navigation. The new offering transforms the way companies interact with their customers by providing faster and more efficient customer service through natural language conversations. OpenQuestion is built on Teneo and the solution has been built to provide customers and partners and easier way to quickly deploy it and get a faster ROI. It is key for many customers with large customer centres to make their customer experience management better and more efficient.

CHAT GPT

Artificial Solutions is excited to announce that we have gained developers access to APIs to GPT, the language model behind ChatGPT, through Azure OpenAI Services. ChatGPT has transformed how the world views AI language services, and Azure offers these cutting-edge AI solutions to large enterprises. GPT strengthens and enhances our Teneo platform.

ChatGPT uses GPT-, a pre-trained, large-scale neural language model developed by OpenAI that can understand and generate human-like text with exceptional fluency, coherence, and relevance. By using the Azure OpenAI APIs from Artificial Solutions platform Teneo, customers can build a wide range of powerful applications.

ORGANIZATION

During the first quarter of 2023, Mykola Sochynskyi started new position as US Partner Manager and Johnny Ribohn was appointed as Strategic Partnerships Director in EMEA.

BOARD MEMBER CHANGE

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

THE COMPANY'S MAJOR SHAREHOLDERS

Artificial Solutions' share is listed on Nasdaq First North Growth Market Stockholm under the ticker "ASAI".

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

Number of shares as of December 31, 2022, was 6,570,538.

In February 28, 2023, as a result of the rights issue, the total number of shares changed to 102,429,090.

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

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

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

Following the rights issue, the shareholder structure has changed and the top 10 shareholders on March 13, 2023 are:

Shareholder	Capital %
SEB-Stiftelsen	11.0%
Arpeggio AB	9.2%
Theodor Jeansson Jr.	5.9%
Avanza Pension	5.8%
Johan A. Gustavsson	4.5%
Provider Investment AB	3.9%
Bjursund Invest AB	3.7%
Staffan Bohman	3.6%
Sunhold B.V.	2.9%
Niclas Nyström	2.6%

SHARE-RELATED INCENTIVE PROGRAM

INCENTIVE PROGRAMS SUMMARY

The company is currently reviewing the existing warrant programs, and is considering substituting or cancelling old warrant programs which have strike prices significantly above the current share price. Full warrant program schedule can be found in the third quarter 2022 report.

INCENTIVE PROGRAM 2022/2025

The most recent incentive program was approved on the AGM on May 30, 2022. The subscription price of shares when exercising the warrants corresponds to 120 per cent of the volume-weighted average price for the Company's share on Nasdaq First North Growth Market from 27 June 2022 to 8 July 2022. However, the subscription price may never be less than the quotient value of the share. If the subscription price exceeds the quota value of the shares, the excess amount (premium) shall be included in the non-restricted share premium fund in the Company's balance sheet. The Company shall issue a maximum of 258,779 warrants. Each warrant confers the holder a right to subscribe for one (1) new share in the Company. Following the rights issue, each warrant in the program entitles to subscribe for 10.518 shares. Adjusted subscription price is 3.13 SEK. The warrants in the program have not been allocated yet and the board of directors is considering substituting/cancelling the program given the current share price and the fact that the strike price significantly exceed the current share price.

AUDIT REVIEW REPORT

This Interim Report has not been reviewed by the company's auditors.

FINANCIAL CALENDAR

- Interim report for the first quarter of 2023: April 28, 2023
- Annual General Meeting: June 13, 2023

Stockholm, March 20, 2023

Per Ottosson, CEO

Artificial Solutions financial reports are available at the corporate website: www.investors.artificial-solutions.com/financial-reports.

This information is such that Artificial Solutions International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07:30 CET on March 20, 2023.

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

GROUP FINANCIAL STATEMENTS

GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	OCT- DEC 2022	OCT- DEC 2021	JAN- DEC 2022	JAN-DEC 2021
Net Sales	13.0	9.8	45.7	38.9
Capitalized amount for own accounts	4.4	3.9	13.2	11.7
Other operating income	5.8	5.2	5.8	5.4
Total operating income	**23.1**	**18.9**	**64.7**	**56.0**
Personnel costs	-23.3	-17.9	-85.5	-70.8
Other external costs	-14.3	-12.4	-55.4	-41.6
Depreciation and amortization on fixed assets	-3.0	-3.1	-12.7	-12.5
Other operating expenses	0.0	-1.7	0.0	-1.7
Total operating expenses	**-40.7**	**-35.1**	**-153.6**	**-126.5**
Operating loss	**-17.5**	**-16.1**	**-88.9**	**-70.6**
Net financial items	-4.8	-2.2	3.8	1.1
Loss after financial items	**-22.3**	**-18.4**	**-85.1**	**-69.5**
Tax on result for the period	-0.2	-0.0	-0.2	-0.0
NET RESULT FOR THE PERIOD	**-22.5**	**-18.4**	**-85.4**	**-69.5**

GROUP CONSOLIDATED BALANCE SHEET

MSEK	31 DEC 2022	31 DEC 2021
ASSETS		
Non-current assets		
Capitalized expenditure for licensed software and development	31.9	28.4
Equipment, furniture, and fitting	0.9	0.9
Other non-current receivables	1.8	1.4
Total non-current assets	**34.6**	**30.8**
Current assets		
Current receivables	35.8	25.7
Cash and bank balances	18.2	112.1
Total current assets	**54.0**	**137.8**
TOTAL ASSETS	**88.7**	**168.6**
EQUITY AND LIABILITIES		
Equity		
Share capital	118.3	118.3
Share premium reserve	1,311.0	1,311.1
Other equity including result for the period	-1,663.0	-1,548.7
Total Equity	**-233.7**	**-119.3**
Non-current liabilities		
Liabilities to other lenders	263.8	237.6
Total non-current liabilities	**263.8**	**237.6**
Current liabilities		
Current liabilities	17.2	19.6
Accrued expenses and deferred income	41.2	30.7
Total current liabilities	**58.5**	**50.4**
TOTAL EQUITY AND LIABILITIES	**88.7**	**168.6**

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Operating Activities				
Operating Loss	-17.5	-16.1	-88.9	-70.6
Depreciation/amortization on assets	3.0	3.1	12.7	12.5
Adjustments for items not included in cash flow	-2.8	-4.4	-1.6	19.9
Cash flow from operating activities before financial items and taxation	**-17.3**	**-17.4**	**-77.9**	**-38.2**
Interest Paid and received	-1.8	-52.7	-9.8	-65.2
Taxation paid and received	-0.1	0.1	6.1	7.2
Cash flow from operating activities after financial items and taxation	**-19.1**	**-70.0**	**-81.5**	**-96.1**
Cash flow from changes in working capital	4.5	-1.6	3.5	-22.7
Cash flow from operating activities	**-14.6**	**-71.6**	**-78.0**	**-118.9**
Cash flow from investing activities	-4.9	-4.0	-14.5	-14.3
Cash flow from financing activities	-1.4	91.5	-1.4	225.2
Net change in cash and cash equivalents	**-20.9**	**15.8**	**-93.9**	**92.0**
Cash and cash equivalents beginning of the period	39.1	96.3	112.1	20.1
Cash and cash equivalents end of the period	**18.2**	**112.1**	**18.2**	**112.1**

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	31 DEC 2022	31 DEC 2021
Amount Brought Forward	**-119.3**	**-172.7**
New Issue of Shares	-	143.5
Transaction costs	-0.1	-7.6
Warrant premiums	1.6	2.8
Results for the period	-85.4	-69.5
Translation difference	-30.5	-15.9
Amount Carried Forward	**-233.7**	**-119.3**

KEY RATIOS

MSEK	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Net Sales	13.0	9.8	45.7	38.9
Recurring Revenues	12.0	8.8	40.7	30.2
Recurring Revenues %	92%	90%	89%	78%
SaaS ARR	25.1	9.4	25.1	9.4
SaaS API Calls Volume (Million)	13.8	3.0	13.8	3.0
Gross Margin	8.3	7.1	29.8	27.2
Gross Margin %	64%	72%	65%	70%
Adjusted EBITDA	-18.8	-15.6	-78.0	-58.5
Equity ratio	-2.6	-0.7	-2.6	-0.7

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	OCT-DEC 2022	OCT-DEC 2021	JAN- DEC 2022	JAN-DEC 2021
Net Sales	0.3	0.3	1.4	2.0
Other operating income	4.4	2.6	4.4	2.6
Total operating income	**4.7**	**2.9**	**5.7**	**4.6**
Other external costs	1.3	-5.4	-15.5	-15.6
Other expenses	-	-	-	-
Total operating expenses	**1.3**	**-5.4**	**-15.5**	**-15.6**
Operating loss	**6.0**	**-2.6**	**-9.7**	**-11.1**
Net financial items	-309.6	-110.2	-310.8	-107.4
Result after financial items	**-303.6**	**-112.7**	**-320.5**	**-118.4**
Tax on result for the period	-	-	-	-
NET RESULT FOR THE PERIOD	**-303.6**	**-112.7**	**-320.5**	**-118.4**

PARENT COMPANY BALANCE SHEET

MSEK	31 DEC 2022	31 DEC 2021
ASSETS		
Non-current assets		
Receivable from Group companies	102.5	315.6
Financial assets	283.4	283.1
Other non-current receivables	0.4	0.5
Total non-current assets	**386.3**	**599.1**
Current assets		
Current receivables	6.8	1.9
Cash and bank balances	10.3	97.9
Total current assets	**17.1**	**99.9**
TOTAL ASSETS	**403.4**	**699.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	118.3	118.3
Share premium reserve	1,311.0	1,311.1
Other equity including result for the period	-1,301.5	-981.0
Total Equity	**127.8**	**448.4**
Non-current Liabilities		
Liabilities to other lenders	263.8	235.7
Total non-current liabilities	**263.8**	**235.7**
Current liabilities		
Liabilities to Group companies	1.0	1.6
Current liabilities	8.0	11.1
Accrued expenses and deferred income	2.8	2.1
Total current liabilities	**11.8**	**14.9**
TOTAL EQUITY AND LIABILITIES	**403.4**	**699.0**

PARENT COMPANY CASH FLOW STATEMENT

MSEK	OCT-DEC 2022	OCT-DEC 2021	JAN- DEC 2022	JAN-DEC 2021
Operating Activities				
Operating loss	6.0	-2.6	-9.7	-11.1
Depreciation/amortization on assets	-	-	-	-
Adjustments for items not included in cash flow	2.3	0.1	-	0.3
Cash flow from operating activities before financial items and taxation	**8.3**	**-2.4**	**-9.7**	**-10.8**
Interest paid and received	-1.6	-15.8	-10.3	-20.6
Taxation paid and received	-	-	-	-
Cash flow from operating activities after financial items and taxation	**6.7**	**-18.2**	**-20.1**	**-31.4**
Cash flow from changes in working capital	-18.8	-71.4	-66.1	-120.8
Cash flow from operating activities	**-12.1**	**-89.7**	**-86.2**	**-152.2**
Cash flow from investing activities	-	-116.1	-	-116.1
Cash flow from financing activities	-1.4	226.3	-1.4	358.8
Net change in cash and cash equivalents	**-13.5**	**20.6**	**-87.6**	**90.5**
Cash and cash equivalents beginning of the period	23.8	77.4	97.9	7.4
Cash and cash equivalents end of the period	**10.3**	**97.9**	**10.3**	**97.9**

PARENT COMPANY CHANGE IN EQUITY

MSEK	31 DEC 2022	31 DEC 2021
Amount Brought Forward	**448.4**	**429.6**
New Issue of Shares	-	143.5
Transaction Costs	-0.1	-7.6
Warrants	-	1.3
Results for the period	-320.5	-118.4
Amount Carried Forward	**127.8**	**448.4**

DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR

FINANCIAL MEASURES	DESCRIPTION
Net Sales	Reported net sales.
Usage Revenues	The amount of revenues derived solely from the usage of the Teneo Platform.
Recurring Revenues	Combined amount of revenues derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
SaaS Recurring Revenues	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data.
SaaS ARR	Annual recurring revenues based on last month in quarter SaaS Recurring Revenues (Monthly Recurring Revenues from SaaS x 12 months).
Gross Margin	Is calculated as the total net sales subtracted with the total cost of services, commission and cost of utilized staff related to Customer Success department.
Gross Margin %	Is calculated as the total Gross Margin expressed as a per cent of total revenue in the period.
EBITDA	Earnings before interest, tax, depreciation, and amortization.
Adjusted EBITDA	Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items and restructuring costs.
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.
API	Application Programming Interface (API) that allows interaction between two applications.
API Calls	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions.
SaaS API Calls	Specific API calls solely for SaaS customers. Volumes are disclosed in millions.

CONFERENCE CALL

The report will be presented by Per Ottosson, CEO, and Fredrik Törgren, CFO, via Microsoft Teams Meeting on March 20, 2023, at 10:00 a.m. CET.

Please connect using this link.

CONTACT INFORMATION

Per Ottosson, CEO

Tel: +46 (0) 8 663 54 50

Head Office address: Artificial Solutions International AB, Stureplan 15 SE-111 45 Stockholm, Sweden

Tel: +46 (0) 8 663 54 50

www.artificial-solutions.com

Corp. ID no 556256-4657



ABOUT ARTIFICIAL SOLUTIONS

DIVERSE WORKFORCE

33%

Percentage of **female** employees in managing positions; 33% in the whole company



74 Employees and 6 consultants from more than 26 different **nationalities**

30 **Languages** spoken in-house



PATENTS & IP



1.6 BSEK

Amazon, Apple, Baidu, Google, Microsoft, Nuance, and IBM all have made forward citations of our pioneering **patents**

PARTNERSHIPS

Microsoft

Artificial Solutions and Microsoft enable the most advanced CAI technology for large enterprise and global contact centers. Teneo scales with high efficiency across Azure infrastructure and is deeply integrated with Azure cognitive, communication and analytics services.

MULTILINGUAL



Teneo, allows companies to build multilingual solutions in **86 official languages covering close to 40% of the world's population**

SUSTAINABILITY

82%

By enabling our customers to move from server-based to cloud deployments, we can achieve an average of **82% reduction in CO2**



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

Teneo runs 86 languages and dialects and is fully integrated with call center and contact center systems. Teneo.ai, Teneo and OpenQuestion are registered brands by Artificial Solutions.

Artificial Solutions International is listed on Nasdaq First North Growth Market in Stockholm with short name ASAI. Erik Penser Bank is the Company's Certified Adviser (www.penser.se, tel. +46 (0) 8-463 83 00, e-mail certifiedadviser@penser.se).

Learn more at www.artificial-solutions.com