ARTIFICIAL
SOLUTIONS

Annual Report 2023

Orchestrate Your AI-Driven Contact Center



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Letter from the CEO



Dear Shareholders, Colleagues, Customers, and Partners,

The fiscal Year 2023 marked a pivotal chapter in our journey at Artificial Solutions.

It was a year where we accelerated our growth with 47% growth in recurring software revenues year over year, from 60.0 MSEK up from 2022's 40.7 MSEK. Our ARR increased to 63.0 MSEK up from 2022's 47.9 MSEK. We improved our gross margin driven by the scalability in our revenue model. Our gross margin in the fourth quarter amounted to 77%, a 22% units improvement versus the same period in 2022, as we reduced the cost of delivery, the marginal API call growth is approaching a margin of 99% in existing customers. The most important measure to self-sufficiency is the earnings per share and we are approaching positive territory, with -0.6 SEK per share in 2023 compared to -13.0 SEK in 2022.

Our primary focus during 2023 was to reach critical mass with our largest customers to ensure long-term relationships. **We achieved a class-leading 145% (123) NRR (Net Revenue Retention), a measure of growth in existing customers.** Furthermore Teneo OpenQuestion was launched in January 2023.

Teneo is a sophisticated AI platform, with a proprietary Teneo Linguistic Modeling Language (TLML). This is at the heart of our ability to understand and engage with, offering unparalleled accuracy and efficiency. In a benchmark conducted by third party Cyara, **Teneo OpenQuestion yielded higher accuracy than any other Conversational AI solution on the market**. We were compared with Amazon Lex, Google Dialogflow, IBM Watson, Cognigy, Microsoft CLU and outperformed all.

No customer, partner, or prospect I have met and shown this unique solution to has stated that they have seen anything similar. I would venture so far as to say that no one reading this can find something similar either. We have customers providing better and cheaper customer service in German, Bulgarian, Japanese, English, French, and even Swiss German. It's simple to explain the result of implementing Teneo OpenQuestion. We can handle 86 languages today and can easily add more languages and that makes us unique.

The customer moves from "Listen carefully and understand our internal organization and how that maps to your needs, then remember which keys to press: 1 for invoice, 2 for support 2, 4, 5, 6, 7" to "Welcome to Microsoft, how can I help you today?".

Many have tried to deliver this experience at scale and failed to deliver more than 10,000 calls per month. Google with Dialogue Flow (remember the call with the hair salon demo from 2018 – what happened to that?), Amazon with Alexa, Nuance and Genesys in partnership. All have tried and failed.

We have several customers with more than a million calls per month, where a customer is served by an AI rather than a human. This increases contact center key performance indicators such as Transactional Net Promoter Score (tNPS), Customer Satisfaction Score (CSAT) and revenue, while massively decreasing costs.

This year, we have moved into **AI orchestration** as Teneo works on top of any Conversational AI platform and with any Large Language Model (LLM) anywhere, making LLMs safe and controlled to use without hallucinations and orchestrated to save costs. Our work is inspired by Stanford's FrugalGPT and saves our clients 98% of the costs when working with LLMs.

With the introduction of large language models (LLM), data flowing to and from AI models in natural language (rather than structured data) there is a need for data governance, which we concluded during dialogue in Microsoft AI Inner Circle. During the year, we developed a concept for LLM data governance in Teneo, which was tested by partners and customers. Once the functionality was clear, we received feedback from partners that it should not be delivered as a SaaS solution but needed to be a separate codebase that could be implemented in the customers' own environments. This recoding is now complete, and Gecholog.ai has been established as a separate division within our company under the leadership of Daniel Eriksson. Gecholog.ai is a product that will be marketed under a freemium model.

In our Marketing efforts we launched a new website in 2023, (http://www.teneo.ai). We are targeting SEM (Search Engine Marketing) and focus on SEO (Search Engine Optimization) and are now number one for key concepts such as Conversational IVR on Google. Once buyers are drawn into our website, we have the latest tools for tracking and follow-ups. We have also hired a Business Development Agency to ramp up these efforts.

We start 2024 with a go to market organization split in half. One half works on expanding the existing customers the other half execute the meetings booked by marketing, and the BD-agency build pipeline. At the same time, we work with the implementers of Contact Centers such as AWS Connect and TechMahindra to support them in their projects. Our goal is eight new logos in 2024.

So, what does 2024 hold in store?

As I am writing this, we already know that our ARR in Q1 2024 was 66.9 MSEK and that our growth in existing customer continues. What we will be adding during 2024 is new logos. Our target is to add eight new logos and so far, we have added two. We will also have our first EBITDA positive month during 2024.

During 2024, we also expect to see new competition entering our space as the market matures. One year ago, no one had seen a phone conversation like what Teneo OpenQuestion makes possible. Towards the end of this year, we will see several entries to the market which is positive and will increase market demand. It will also mean we need to commit more resources to sales and marketing and making sure we bring both Teneo OpenQuestion and our new products to the market this year. Kore.ai which has a platform similar to ours brought in 150 million USD in financing at the beginning of the year to catch up. Bring on the competition. We have the biggest and best references.

We also see increasing interest in our company from the market which is why the board of directors declared they are conducting a strategic review. From a company perspective this is interesting as a potential way to forge OEM partnerships. At the beginning of 2024 we announced that we are now Microsoft Transactable. This means a customer can buy our SaaS as part of their Microsoft contract negating the need to negotiate with us but also enabling customers to draw down from their Microsoft Commitment.

Acknowledgements and Closing Remarks

As we conclude another successful year, we extend our heartfelt gratitude to our employees, partners, customers, and stakeholders for their unwavering support and dedication. Our achievements this year would not have been possible without the collective effort and commitment of everyone involved.

To our employees, your hard work, innovation, and perseverance have driven our success. To our partners, your collaboration and shared vision have been invaluable in expanding our reach and enhancing our offerings. To our customers, your trust and loyalty inspire us to continuously improve and innovate. To our stakeholders, your support and confidence in our vision provide the foundation for our growth and stability. Looking ahead, we remain committed to pushing the boundaries of innovation and delivering exceptional value.

As we look to the future, our goals are clear:

- To define and lead the market in voice and Natural Language Understanding-powered customer experience solutions.
- To orchestrate any Conversational AI platform for better revenue through accuracy for our customers.
- To be recognized as the best platform for any LLM orchestration anywhere.

We are on an exciting path to not just meet the current needs of our customers but to anticipate and shape future trends in AI and customer service. Our commitment to innovation, excellence, and customer success is unwavering, and we are enthusiastic about the opportunities that lie ahead, embracing new opportunities in existing and new customers, and driving towards a self-financed operation.

Thank you for your continued support.

Best,

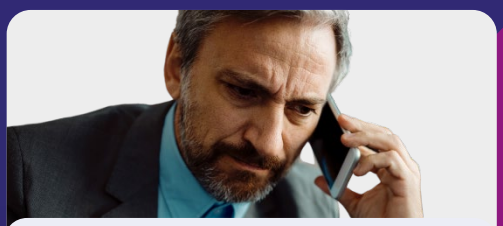
Per Ottosson

CEO, Artificial Solutions

Why Invest in Us?

We help our clients improve their customer service automation to make it more efficient and create better experience for their users

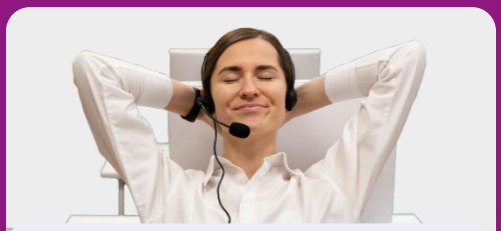
ANSWERS. UNDERSTANDS. RESOLVE.



40% of cases automatically resolved

+

GATHERS INFO. AVOIDS MISROUTINGS



60% of cases transferred to the right agent

$0.4

$6.0

=

ENHANCES CUSTOMER EXPERIENCES



100% Happier customers!

Artificial Solutions is a prominent player, with strong industrial backing, in a market growing at 38% p.a. until 2031

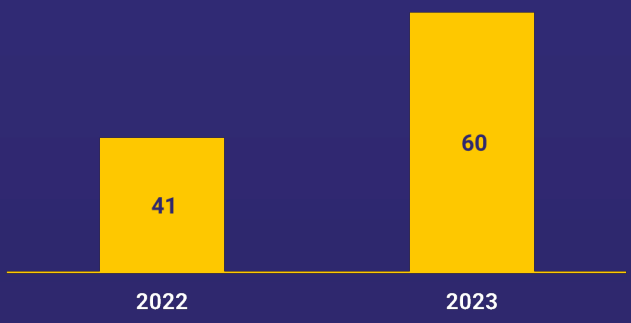


1. Largest references in this high-growth AI market
2. Solid growth in recurring revenues +47% 2023 primarily driven by a world class Net Revenue Retention Rate (NRR) at +145%
3. Highly scalable business model with gross margins on fully onboarded customers approaching 95%
4. Lets customer leverage the latest AI technologies like GPT
5. New product releases – Gecholog.ai and Teneo AI Orchestration – creating even more exciting AI product portfolio for the future

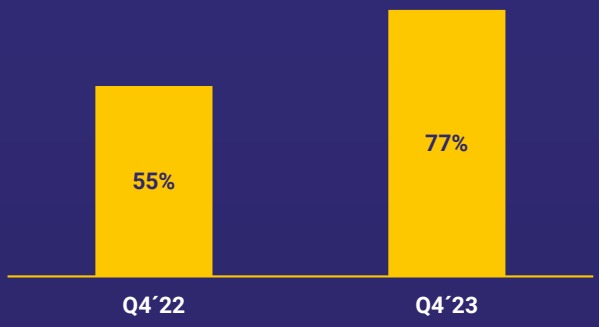
The Year in Summary

145% NRR
First In Class

+31% YoY
ARR 63 MSEK



+47% YoY
Recurring Revenues



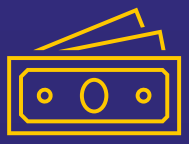
Gross Margin
Improved YoY



+37% YoY
Growth on API Calls (18M on Q4'23)



1.6 BSEK
Valuation Patents & IP Rights



+121 MSEK
Raised Equity



38% (CAGR)
Market Growth p.a. until 2031 (Gartner)

Key Events

- Conversational IVR solution, Teneo OpenQuestion launched to help contact centers increase revenue and reduce misrouted calls.
- ISO 27001 Certification.
- Release of encryption functionality within our Teneo platform to run our service end-to-end with encrypted data.
- Launch of new AI Products – Gecholog.ai and Teneo AI Orchestration – during 2023 and 2024.
- Signed new agreements with all major existing customers.
- Entered partnerships with a number of leading Contact Center players including Amazon Connect, Google and Genesys.

About Artificial Solutions



Artificial Solutions in Brief

Artificial Solutions® is at the forefront of AI-powered and automated conversations with its Teneo platform, with global customers including AT&T, one of the largest software companies in the world, HelloFresh, and Telefónica. Our business model is highly scalable and sticky, and our recurring revenues scale with our clients' customers increased usage. We have a solid growth, 47%, in recurring revenues primarily driven by existing customers continuing to expand with us and a world class net revenue retention rate (NRR) at +145%.

What We Solve

We solve the complexity of machines understanding humans in voice calls and text interactions. Machines understanding customers voice inputs with accuracy is the foundation of automating any enterprise. Teneo answer, interpret and understand when a human voice calls or sends text interactions with a question/query. Our technology resolves the question with an accurate and precise answer or transfer the human to a human agent.

What We Do

We improve brands' understanding of their customers through the best natural language accuracy in the market. We offer a platform, Teneo, that connects voice with digital channels, analyzes data and orchestrates any voice or chat implementation and Large Language Model (LLM) with higher accuracy, better growth, and lower cost.



Artificial Solutions supports customer growth and retention by making machines understand humans on a large scale, to make brands more productive and increase their revenue. With Teneo, we help brands to automate their customer service by at least 40%. We make customer service automation and the agentless contact centers possible.

Our focus remains on empowering enterprises, fostering growth, and setting new benchmarks for success.

Artificial Solutions.com or Teneo.ai®?

We started a transition in our go-to-market branding during last year and now all our customer facing material is on Teneo.ai. Furthermore, our sales organization are contacting prospects from Teneo.ai. This has proven positive for our market recognition and we want to take the next step in this direction and change the name of our company as well to Teneo.ai. We will therefore evaluate a potential change of the company name as well to Teneo.ai in the coming months.

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How We Generate Our Revenues

A Highly Scalable Revenue Model

Artificial Solutions has a highly scalable and sticky subscription-based business model where the company's recurring revenues scale with its customers increased usage of the Teneo platform or its solutions powered by Teneo.ai. Accordingly, volume on our API calls, the time our customers' customers use the platform drive our success. This is opposite to most other SaaS companies. Most other SaaS companies are dependent on the number of users using their SaaS software rather than the amount (volume) they use them. The revenue streams in the SaaS model consists of the categories:

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

The three first revenues (#1-3) above represent recurring SaaS revenues and constituted 99% of our revenues 2023, which are part of our total recurring revenues and our ARR metric. The remaining revenues, approximately 1% of our revenues 2023, is related to expert services, which is not a focus for our strategy.

From the first quarter 2024, Artifical Solutions also provide a pro version of Teneo, which is suitable for small to midsized companies. The subscription fee is lower than for the enterprise version (shown below) while the API call fee per API call is the same (0.008 USD per API call). The key revenue streams are:

Revenue stream	Subscription (Studio)	API calls (Engine)	Data	Training & expert services
Source				
Price	USD 9200 /mo for 5 seats	0.008 USD per API Call	Per MB	5-15 days
Type	Recurring	Recurring	Recurring	Non-recurring

During the first quarter 2024, the API call revenues (volume-linked) constituted to 60% of our total revenues, up from 53% in 2023, which highlights the essence in our revenue model – growth in volumes in API calls is the most important for our growth and with growth in API calls our gross margin expands.

What Makes Us Different

- **ACCURACY**: Through our proprietary technology and patents, we can improve voice accuracy to +95% in a few weeks for any Conversational AI platform by adding Teneo on top of current investments.
- **AGNOSTIC**: Our architecture is designed to ensure that our customers are always utilizing the latest and most accurate AI models, including LLMs, providing insights to our customers with speed, accuracy, governance, compliance, and security.
- **AI ORCHESTRATION**: We combine our proprietary Teneo with any Generative AI model to drive new levels of productivity across customer-facing functions including 98% cost saving and guard railing hallucinations.

Our Technology

Our technology is **complete** with the full customer life cycle in mind. We offer integration and seamless collaboration across the customer service automation journey.

Teneo is a scalable, enterprise-grade platform and we power up the largest voice AI implementations in the world.

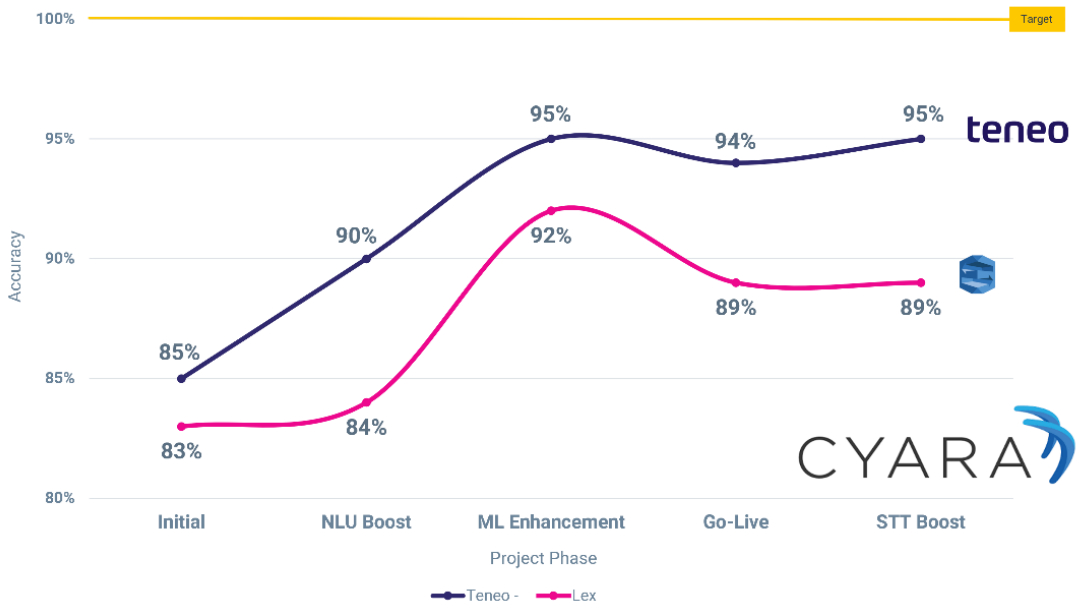


Teneo: The Foundation of Conversational AI

At the heart of our technology is Teneo, an advanced platform designed for building and managing conversational AI applications. Teneo's key advantage is its ability to understand and to accurately process natural language, enabling businesses to create sophisticated, human-like interactions with digital systems, such as LLMs. This platform supports multiple languages and integrates seamlessly with existing business systems, providing a scalable solution for global enterprises. Its no-code and user-friendly interface allows non-technical users to develop and deploy AI assistants efficiently, reducing development time and accelerating go-to-market strategies.

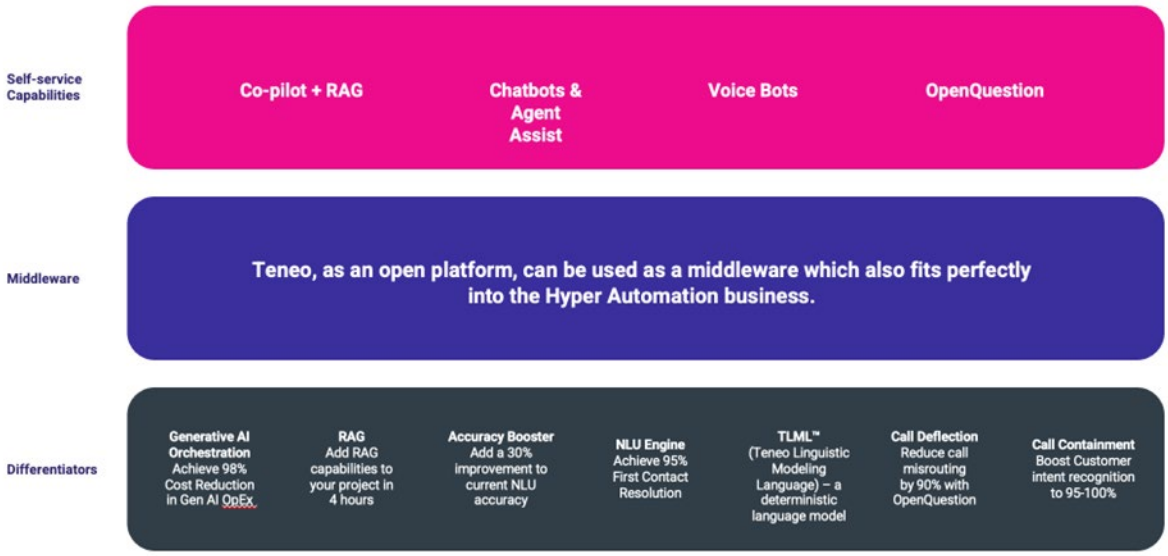
TLML

Our proprietary TLML™ (Teneo Linguistic Modeling Language), significantly enhances contact center AI efficiency, boosting NLU accuracy to +95%. It provides a deterministic layer on top of existing NLU and LLM systems, offering precision that probabilistic models alone can't achieve without custom coding. This tool simplifies virtual agent and dialogue management, ensures AI-generated content accuracy, and lowers maintenance costs and resource demands, marking a critical advancement in optimizing bot and dialogue management performance. In benchmarks performed by Cyara, Teneo outperforms Google Dialogflow, Amazon Lex, IBM Watson, Microsoft CLU, and Cognigy.



An independent evaluator has valued our intellectual property to 1.6 BSEK. The valuation considers how the scope and influence of the company's intellectual property has expanded and

bases its conclusion on the patents overall market opportunity combined with the potential opportunities in the conversational AI market.



Teneo OpenQuestion: Enhancing Enterprise Voice

Teneo OpenQuestion is the new voice of the Contact Center. It leverages advanced natural language processing (NLP) techniques to interpret and respond to a wide range of user queries, providing more accurate (+95% and above) and relevant answers. Teneo OpenQuestion decreases call misrouting by 90%.

Teneo Accuracy Booster: Elevating AI Performance

Our Accuracy Booster enhances the performance and reliability of any conversational AI solutions, by adding Teneo on top of any voice platform. The Accuracy booster increases accuracy in voice to +95%. With a significant reduction in misunderstandings and more efficient resolution of user queries, the accuracy booster increases revenue.

Generative AI Orchestration: Crafting Personalized Experiences

Generative AI Orchestration orchestrates any LLM anywhere. It includes FrugalGPT, developed by Stanford University and focuses on maximizing Generative AI efficiency, striking a balance between cost and performance. The approach boasts a 98% cost reduction and a 4% increase in performance reliability.

Retrieval-Augmented Generation (RAG): Co-pilot

The Teneo.AI Enterprise Co-pilot leverages advanced Retrieval-Augmented Generation (RAG) capabilities, integrating with LLMs for enhanced enterprise applications. RAG combines the power of different search methods in knowledge bases with LLMs, enabling precise, efficient, and cost-effective virtual assistant solutions tailored to specific enterprise needs. Using this approach with Teneo minimizes AI hallucinations and ensures accurate, reliable customer service interactions, significantly reducing operational costs while maintaining privacy through PII anonymization.



Our customer enquiry hotline will be considerably more productive thanks to human spoken interaction with our systems. Our voice-controlled hotline system improves the customer experience by assigning enquires quickly and accurately, maximizing the valuable resources of our hotline agents.

Christoph Aeschlimann

CEO, Swisscom

Our Go-To-Market Strategy



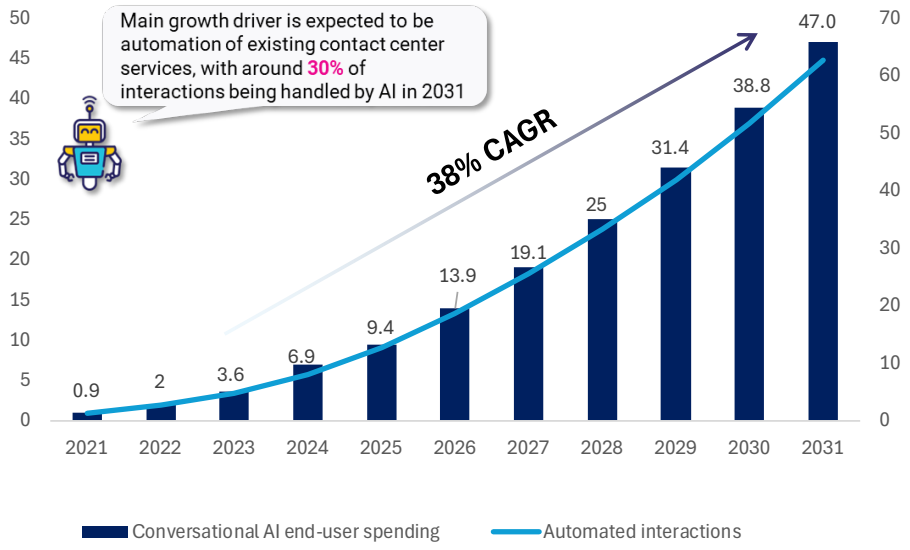
Our Growth Strategy

We transform customer service into a fully automated, agentless contact center. We generate sales through direct sales and partner sales, who are organized by geography and target large enterprise accounts in Europe and North America with high volumes of incoming voice calls to their existing contact centers. Our customer engagement process focuses on growth and value expansion – we want to continue to grow the use cases used by our large enterprise customers as well as the volumes (API calls) a use case is used.

Our marketing efforts are focused on promoting our brand, generating awareness of our platform, and creating sales leads as well as supporting our customers. We utilize both online and offline marketing initiatives, including our participation in industry and partner conferences, digital marketing, case studies and customer testimonials.

Our Market

Artificial Solutions is recognized as a market leader in the CAI sector by Gartner and ISG Research. Teneo powers 15–20 percent of global interaction volumes in contact centers, with some of the largest customer implementations in the world. Gartner predicts that the Conversational AI market that Artificial Solutions addresses will continue to grow by 38% per year until 2031. The main growth driver is expected to be the automation of existing contact center services, with about 30 percent of interactions managed by AI by 2031.



Furthermore, Gartner predicts that more than 80 percent of companies will have used Generative AI APIs or models and/or deployed Generative AI-enabled applications in production environments by 2026, up from less than 5 percent in 2023.

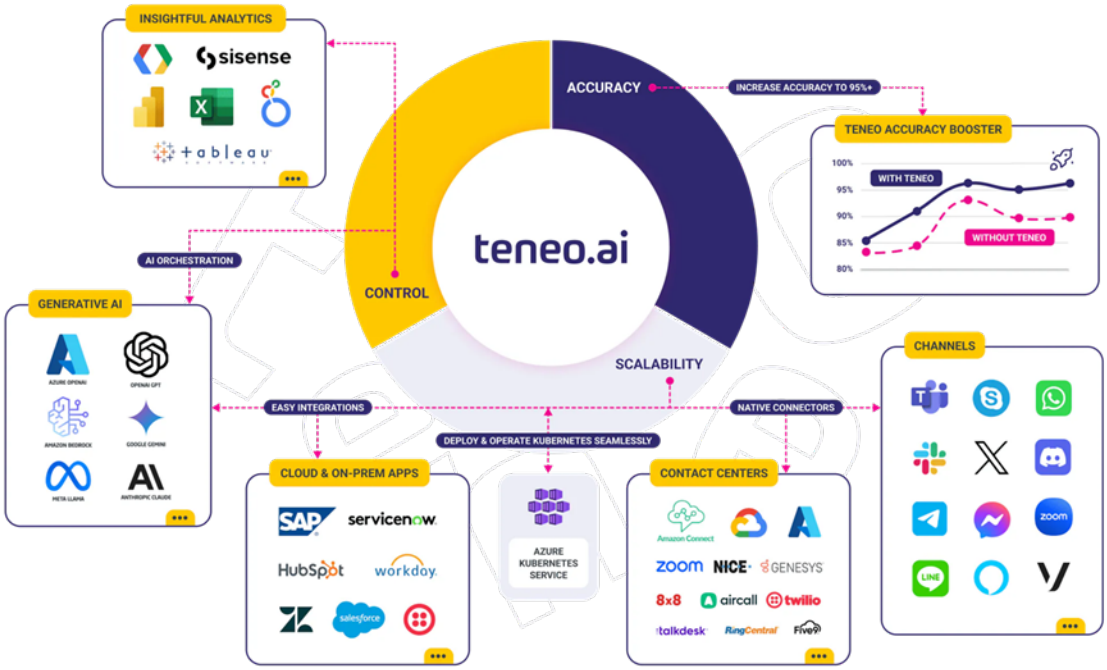
Technical Year in Review

Technology Advancements in 2023

In 2023, our commitment to innovation remained unwavering as we continued to pioneer advancements in technology that not only elevated our capabilities but also empowered our clients within the Contact Center space to excel in an ever-evolving landscape.

Strengthened Service Accuracy and CCaaS Capabilities

The integration of these cutting-edge technologies not only bolstered the accuracy of our client services but also facilitated the seamless expansion of our Contact Center as a Service (CCaaS) capabilities across diverse platforms and languages. This strategic move enabled us to maintain a competitive edge by rapidly adapting to the changing needs of our customers and staying at the forefront of technological advancements.



Enterprise Co-pilot: Customized Virtual Assistants

One of our standout innovations in 2023 was the introduction of the Enterprise Co-pilot. This groundbreaking platform empowered enterprises to construct customized virtual assistants by harnessing their own knowledge bases and seamlessly integrating with Large Language Models (LLMs). The results were nothing short of impressive, with enhanced customer service, operational efficiency, and robust data privacy through PII anonymization.

Retrieval-Augmented Generation (RAG) Solutions

Our commitment to cost efficiency was further underscored by the launch of advanced Retrieval-Augmented Generation (RAG) solutions for enterprise AI. This innovation, led by FrugalGPT achieved remarkable cost savings of up to 98% in Large Language Model deployments. It addressed critical challenges such as controlling AI outputs, minimizing hallucinations, managing multi-transactional flows, and safeguarding data privacy through PII anonymization. The platform also offered sophisticated analytics for informed decision-making and effectively managed multiple use-cases.

Generative AI Orchestration

To transform Generative AI operations, we announced "Generative AI Orchestration". It enabled seamless integration with any Large Language Model, providing businesses with unparalleled agility, precision, and control. The update featured Stanford's FrugalGPT-inspired strategies for cost efficiency, TLML for enriched interactions, ISO-27001 certification for data security, and rapid deployment capabilities. Its primary aim was to streamline operations, cut costs, and deliver precise AI integration across customer service channels.

Adaptive Answers and OpenQuestion 1.1

We introduced Adaptive Answers to enhance personalization in customer service for contact centers. Leveraging Generative AI, this feature delivered tailored responses by considering user details such as gender, location, and time zone, thus offering natural variation and contextual awareness. This allows for the creation of one-of-a-kind interactions with customers, without having to spend time manually adapting any of the content. It facilitated risk-free deployment of Generative AI use cases, supported seamless CRM integration for personalized responses, and information security with ISO-27001 Certification and SOC2 TSC 2017 report.

We also released Teneo OpenQuestion 1.1 a significant enhancement for Conversational AI and IVR. This update included improved OpenAI GPT integration, a new cost dashboard, Amazon Connect integration, and enhanced authentication flows. Its purpose was to provide a more efficient, secure, and cost-effective customer service experience.

Conversational IVR Plugin for Amazon Connect

Our commitment to enhancing the customer experience extended to launching a Conversational IVR Plugin specifically designed for Amazon Connect. This integration streamlined call routing, reducing misrouted calls and IVR abandonment rates, thereby enhancing performance metrics in contact centers. It natively supported 86 languages and its dialects, promoting seamless integration and maximizing ROI through improved service levels and heightened customer satisfaction. With the addition of automated translation, Teneo can support an even broader range of languages.

Native Integration for Genesys Cloud

Our dedication to advancing the customer experience is showcased through the introduction of a Native integration designed for Genesys Cloud, available on Genesys AppFoundry. This innovative integration enhances call routing efficiency, significantly reduces misrouted calls and IVR abandonment rates, and improves performance metrics within contact centers. It supports every language inside Genesys Cloud, ensuring effortless integration and maximizing ROI by elevating service levels and boosting customer satisfaction. This solution is accessible and can be purchased on the Genesys Cloud AppFoundry.

User Experience Enhancements

In our pursuit of delivering exceptional user experiences, we introduced significant updates. Key functionalities were streamlined into the Studio and APIs for simplified data management. These updates included the ability to collapse the Flow Overview, expanded views for script fields, and enhanced web features such as Import/Export content.

Teneo OpenAI GPT Connector

Artificial Solutions launched the Teneo OpenAI GPT Connector. This innovative connector provided easy access to OpenAI's advanced language models for enterprises. It empowered businesses to create solutions that excelled in understanding and generating natural language with exceptional accuracy.

Teneo OpenQuestion: Voice and Conversational IVR Solution

The introduction of Teneo OpenQuestion marked a pivotal moment in voice and conversational IVR solutions. This SaaS-based voice solution optimized call routing, achieving a remarkable 90% reduction in call misrouting within 90 days of deployment compared to traditional keypad navigation. It effectively addressed user experience challenges associated with traditional IVR systems, aiming to eliminate inefficient call handling and enhance customer interactions with brands. Its ease of implementation and seamless integration with existing contact center systems made it a powerful addition to our portfolio.

These technological advancements in 2023 demonstrate our unwavering commitment to innovation, excellence in customer service, and our dedication to providing efficient solutions for businesses and enterprises worldwide.

New Customers, Partners, and Awards



New Customers, Partners, and Awards

Artificial Solutions is primarily focused on large blue-chip companies with significant Contact Center operations with high volumes of incoming voice calls, but also other self-service channels. We have a clear objective to upsell and grow on existing customers as a key component in the continued growth. The growth from existing customers, through extended usage such as more languages, more channels and more covered geographies, is also the reason for the company's industry leading Net Revenue Retention Rate key performance indicator.

For new customers, Artificial Solutions targets large enterprises with high volume in Europe and North America.

This year, we have not only expanded our customer base but also garnered recognition from industry peers through prestigious awards, affirming the effectiveness and impact of our technology solutions.

Awards

- **Swisscom's IVR, powered by Teneo.ai, achieved a remarkable feat by winning the prestigious Connect Award for outstanding customer service**. This accolade not only validates our commitment to excellence but also establishes us as the best mobile hotline provider in German-speaking countries. Our AI-driven IVR solution, Teneo OpenQuestion, has transformed customer service experiences, support four languages and rapidly evolving to meet the demands of complex product and service scenarios.
- **Artificial Solutions was awarded the prestigious MetriStar Award by Metrigy in the Conversational AI category**. This accolade is based on customer sentiment and business success, reflecting the company's exceptional performance in transforming customer service through its innovative voice and conversational IVR solution, OpenQuestion, powered by Teneo. This recognition underscores Artificial Solutions' commitment to delivering effective solutions that drive meaningful business results.



Customers and Partnerships

- **A multinational corporation has enhanced its global customer support by integrating Azure's OpenAI LLMs with Teneo's Generative AI Orchestration, expanding services to include French and Spanish**. This move leverages GPT for efficient translation, improving communication channels and customer service quality. The initiative emphasizes AI-powered language translation for better customer experience, data precision, and compliance, offering a scalable and flexible solution for businesses aiming to cater to a diverse customer base.

- **America's leading meal kit company has adopted Teneo.ai's OpenQuestion as its advanced Conversational IVR Solution to enhance voice channel customer support**. This technology has automated 30% of chat interactions and expedited development, offering an intuitive, efficient customer service experience that reduces wait times. Teneo OpenQuestion integrates with OpenAI GPT through the Teneo GPT connector, improving customer interactions further. It also provides data security and complies with privacy regulations like GDPR and CCPA, ensuring a secure customer experience.

- **A global healthcare technology company significantly improved its Cardiovascular Patient Technical Services Group by adopting the OpenQuestion IVR solution**. This led to faster and more accurate responses to patients, a $6 million cost saving, 20% reduction in call handling expenses, and handling over 1.05 million calls. It also saved over 36,000 call agent hours, increased customer satisfaction by 8%, reduced wait time by 37%, and improved service level by 18%.

- **A1 Bulgaria's Digital Self Service Agent 'AVA' built on the Teneo platform by Artificial Solutions and fluent in Bulgarian, has been expanded to over 250 unique customer service dialog flows, being used by more than 2500 people daily**. AVA is available on over 250 unique web pages on www.a1.bg and www.help.a1.bg. AVA is enhancing customer experience and reducing operational costs, responds to customer inquiries within seconds, offering self-serve options for checking plan status, troubleshooting, and more. During 2024, plans are to introduce a voice channel to AVA as well.

- **Other renewal licenses agreements have been signed with other large enterprises** like Circle K, Swisscom, TIAA, HRSA and one of Sweden's largest retailers.

- **Joining the Google Cloud Partner Advantage Program** was another significant milestone. Our partnership with Google Cloud has led to the launch of a new Conversational IVR plugin for Google Cloud, designed to reduce call misrouting and enhance customer experiences through natural language automation. With support for 86 languages and their dialects, this collaboration underlines our commitment to providing flexible and efficient solutions for businesses catering to diverse customer bases.

- **Collaboration with CDI Services, a global strategy and delivery firm specializing in conversational AI**, has enabled our clients to access a range of CAI-powered services, including OpenAI GPT and other Large Language Model integrations with OpenQuestion. This partnership aims to improve customer experiences, reduce operating costs, and support the growth of the global contact center industry.

- **We were pleased to announce the availability of Teneo and its Conversational IVR solution, Teneo OpenQuestion, on the Genesys AppFoundry**. This integration enhances both customer and employee experiences, offering modern, API-first experience orchestration. Natively supporting 86 languages and their dialects, this collaboration aims to improve contact center performance and customer satisfaction. Genesys is one of the major players in the Contact Center software market.

- **Artificial Solutions announced a partnership with Neudesic**, a U.S. consulting firm, adding the Teneo platform to Neudesic's solutions to maximize Conversational AI investments. This partnership, aligning with Microsoft's ecosystem, aims to expand the adoption of Conversational AI in the U.S., leveraging Neudesic's two-decade partnership with Microsoft. Teneo's capabilities in automated text or voice responses, natively supporting 86 languages, will now assist Neudesic's clients across various industries.

- **Partnership agreement signed with iSolutions, the largest dedicated Microsoft one-stop shop in Switzerland** to deliver innovative AI and technology solutions, leveraging Teneo's AI capabilities and OpenQuestion.

- **A collaboration between Artificial Solutions and EPAM** (epam.com), an American company that specializes in software engineering services, digital platform engineering, and digital product design, with offices in 55 countries. EPAM will have Teneo in their service portfolio for their global customers.

- **The partnership with the global BPO company, Tech Mahindra, has undergone significant evolution and deepened**. Initially centered around verticals like Telco and Retail, our collaboration has expanded to encompass the entirety of their global sales organization, now featuring Teneo as an offering and an exciting pipeline is being built.

- **We have successfully executed 7-10 MNDAs with various potential partners, marking a significant step forward in our partnership initiatives**. Discussions are actively underway to finalize these agreements and solidify our partnerships. These dialogues are occurring with prospective partners across both EMEA and the US regions, demonstrating our commitment to global collaboration and expansion.

- **The collaboration with Microsoft is deepening and expanding with many exciting activities which will provide result FY24**. These activities include joint webinars, Teneo presence and exposure in the MS Marketplace, technical training for MS SAs creating awareness and an improved reach to MS Field Sales. Artificial Solutions is also proud to be one of the few trusted ISVs being a member of the MS AI Partner Council.

- **Our work to enter the AWS Connect Partner eco-system continues** as we have a strong value add to this sphere of both AWS Connect and customers, and AWS Connect Partners.

These achievements reflect our continuous dedication to innovation, exceptional customer service, and commitment to providing efficient solutions for businesses and enterprises worldwide.

Summary

This year marked a transformative leap for Artificial Solutions. Our advanced platform enabled us to achieve a +95% accuracy in customer interactions, dramatically reduce Large Language Model (LLM) costs by 98%, ensure unparalleled scalability, and gain complete control over our automated processes. These milestones underscore our commitment to leading the charge in leveraging cutting-edge technology to enhance customer service excellence.

Our Future and Strategy

As we look to the future, our strategy is to further harness the capabilities of Teneo.ai to push the boundaries of customer service automation. Our focus will be on increasing revenue, driving down operational costs, expanding our market reach, and exploring new avenues for innovation. We are committed to staying at the forefront of customer service automation and the agentless contact center and continuing to provide unmatched service to our customers.

Our Commitment to a Sustainable Future



Environmental, Social & Governance

W**e recognize our corporate responsibility to implement and support a high standard of ethical and environmentally responsible business practices.**

Environment

We support the transition to a low carbon economy, and we seek to improve the efficiency and resilience of our operations by reducing our emissions and aligning around sustainable practices and operation. In our climate actions, we reduce carbon footprint through our cloud-based consumption model in Microsoft Azure. Microsoft Cloud services are up to 98% more carbon efficient than traditional enterprise datacenters. For localized deployments, Microsoft Cloud is between 79-93% more energy efficient than a traditional datacenter. When renewable energy is taken into account, carbon emissions (kg/C02/user-year) from Azure Compute are 92-98% lower than a traditional enterprise datacenter. Source: Microsoft.

Social

We are committed to creating and supporting an inclusive, diverse and equitable workforce. In 2021, we became #ALLIES to accelerate our work on inclusion and gender equality. Artificial Solutions is committed to diversity and equality and has managed to achieve a ratio of 40% women in the management team as per today . As we continue to grow as a business, we will continue to push for diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

Governance

To generate value through sustainable business solutions, we ensure we are building AI in a responsible and ethical way, consistent with the following design principles:

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



Our Values

Gender Equality

In 2021, we became #ALLIES to accelerate our work on inclusion and gender equality. Artificial Solutions is committed to diversity and equality and has managed to achieve a ratio of 40% women in management team positions. As we continue to grow as a business, we will continue to push for diversity at all levels, across departments and functions, by valuing equality, diversity, and integrity.

Queries Channel

Artificial Solutions is committed towards creating a safe and enjoyable environment to all employees and on its way to achieve such goal has decided to improve communication channels inside the company.

Employees can report serious matters anonymously or reasonable suspicion of such matters. Through this report, employees can submit information about reprehensible matters or report actions that are unethical, illegal or in violation of internal policies. The scheme is to be used to bring matters to light that would not otherwise have come to light.

It can be reported confidentially with indication of name and contact information or, if desired, 100% anonymously.

All inquiries are treated confidentially and securely.

Economic Growth and a Decent Work Environment

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



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

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

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

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

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

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

Artificial Solutions Leads Compliance in AI Pact by Integrating New Standards into Its Operations

Artificial Solutions attended the European Commission's recent first session on the AI Pact, AI Pact Shaping Europe's digital future (europa.eu), a vital step toward shaping the future of artificial intelligence in Europe through robust regulatory frameworks. This event was particularly notable as it drew participation from over 250 AI companies, showcasing a collective commitment to responsible AI development and early compliance.

We, on Artificial Solutions, are not just adapting to these new regulations; we are actively leading the way. During the first session, we shared our early commitments to compliance with the AI Pact, emphasizing our proactive measures to integrate these new standards into our operations. established an internal task force dedicated to ensuring our AI technologies not only meet but exceed the ethical and legal expectations set forth.

Adapting AI products to align with the AI Pact offers significant benefits for companies within the industry. Compliance ensures that AI technologies are developed with a focus on safety, transparency, and fairness, which enhances trust among clients and their customers. By adhering to these robust standards, companies can mitigate risks, avoid legal pitfalls, and build a reputation for reliability and integrity. This not only attracts more clients but also ensures that end-users receive safer, more dependable AI-driven solutions, fostering greater consumer confidence and satisfaction.

Our approach is comprehensive: from revamping existing AI systems to embedding compliance into the lifecycle of new AI development. The company also places a strong emphasis on education, ensuring its teams are well-versed in both the technical and ethical dimensions of AI regulations.

The company will continue to engage with regulatory bodies to help understand the real applicability of this new framework that supports innovation while ensuring safety and fairness.

As Artificial Solutions moves forward, the company remains dedicated to leading by example, demonstrating that compliance and innovation can go hand in hand. Artificial Solutions is excited to continue this journey, fostering a culture of integrity in AI that others in the industry can look to.

Management Team





Per Ottosson

Born 1970. CEO since 2020.

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

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

Holdings in Artificial Solutions: 2,675,543 shares and 1,900,000 warrants 2023/2026.

Fredrik Törgren

Born 1976. CFO since 2020.

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

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

Holdings in Artificial Solutions: 2,500,000 shares and 853,575 warrants 2023/2026.





Marie Angselius

Born 1970. Chief Communication & Impact Officer since 2021.

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

Experience. 20+ years of experience from leading communication roles. Most recently as Global Head of Corporate Communication at IPSoft / Amelia.com and Founding partner at Angselius Rönn AB.

Holdings in Artificial Solutions: 3,709 shares and 853,575 warrants 2023/2026.



Nuria Vilanova

Born 1973. Chief People Officer since 2024.

Education: Bachelor's degree in Economics and Business Administration, Universitat Pompeu Fabra.

Experience. 20+ years of expertise in Accounting and Finance managing positions, most recently as Director of Finance and HR in companies in the technology and software sectors.

Holdings in Artificial Solutions: 5,573 shares and 162,500 warrants 2023/2026.

Andreas Wieweg

Born 1975. CTO since 2019 (employed since 2008)

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

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

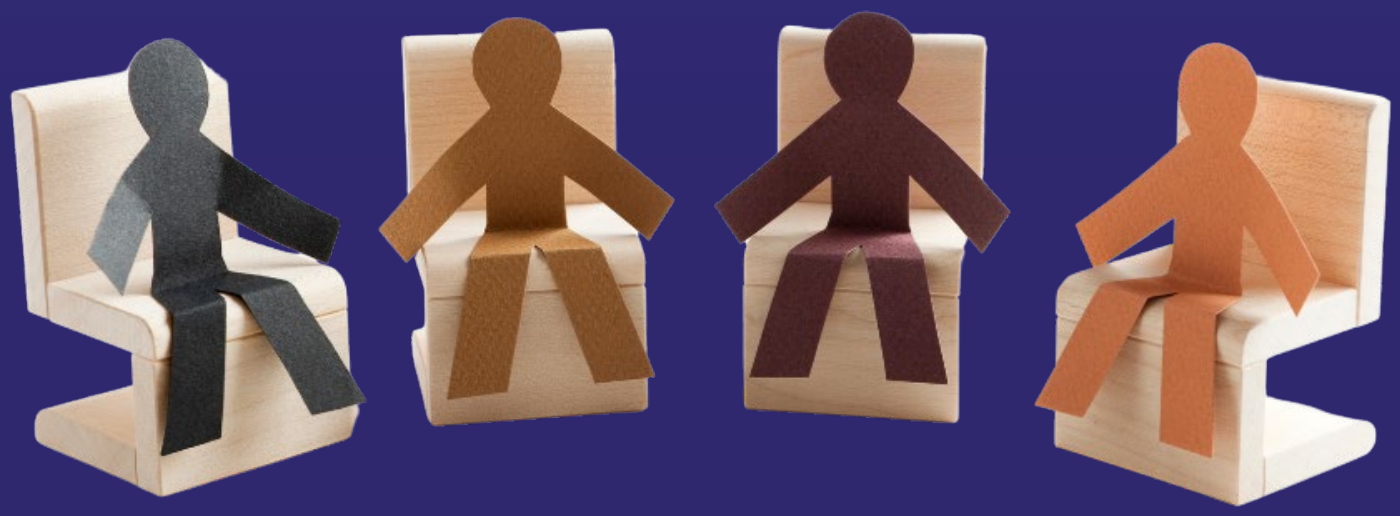
Holdings in Artificial Solutions: 460,264 shares and 853,575 warrants 2023/2026.



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

Board of Directors

According to Artificial Solutions' articles of association, the board of directors shall comprise of three to seven members, elected by the shareholders at a general meeting, with no more than three deputy members. Currently, Artificial Solutions' board of directors comprises five members including the chairman, appointed for the period until the end of the 2023 annual general meeting.



Information About the Board of Directors

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

Name	Position	Elected Year	Independent in relation to the Company and the executive management	Independent in relation to major shareholders
Åsa Hedin	Chair	2019	Yes	Yes
Johan A. Gustavsson	Board member	2019	Yes	Yes
Paul St. John	Board member	2022	Yes	Yes
Mathias Björkholm	Board member from Jun 2023	2023	Yes	Yes
Lars Roth	Board member from Jun 2023	2023	Yes	Yes
Vesna Lindkvist	Former board member (inactive since Jun 2023)	2021	Yes	Yes
Fredrik Oweson	Former board member (inactive since Jan 2023)	2019	Yes	No

Other Information on the Board of Directors and Executive Management

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



Åsa Hedin

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

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

Experience. Chair of QBTech AB. Board member Nolato AB, Biotage AB, and Industrifonden. 30 years in leading positions in international med tech and tech companies among others as CEO of Elekta Instrument AB and business unit EVP of Elekta Neuroscience.

Holdings in Artificial Solutions: 500,196 shares.

Johan A. Gustavsson

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

Education: Master of Science, Stockholm School of Economics.

Experience. Chairman & Founder of Vencom Group, Albator and board member and founder of Besqab (former Aros Bostadsutveckling), as well as board memberships related to these assignments. Earlier experiences: Chairman of Hop Lun International Ltd. & Naturkompaniet AB.

Holdings in Artificial Solutions: 147,330 shares, privately & 11,946,832 shares through AB Couronne.





Mathias Björkholm

Born 1972. Board member since 2023.

Education: Studies in Business Administration, University of Skövde, Sweden.

Experience. Founder and CEO of Pickit since the start in 2013, in Stockholm, but also in Seattle during the period 2014-2020. During these years Pickit became one of the world's most downloaded applications within Microsoft's eco-system.

Holdings in Artificial Solutions: None.



Paul St. John

Born 1967 Board member since 2022.

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

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

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

Lars Roth

Born 1977. Board member since 2023.

Education: Master of Science and Engineering from KTH Royal Institute of Technology.

Experience. Chairman of Root Digital Group, as well as board memberships related to this assignment. Board member of Bright Energy. CEO of Q Industries Lars Roth AB. Earlier assignments and experience: CGO of MedHelp Care (2020-2023), board member of Zound Industries (2014-2016), board member of Soundtrack your Brand (2015-2016), different roles in Telia Company including Vice President Consumer and Vice President Innovestments (2005-2016)

Holdings in Artificial Solutions: 533,330 shares.



Corporate Governance

Sound corporate governance, risk management and internal control are key elements to the success of a business and are crucial when it comes to maintaining the trust of the company's stakeholders.

The purpose of corporate governance is to ensure that the company is managed in a way that is as efficient as possible for its shareholders.





Artificial Solutions' corporate body is the Annual General Meeting, the board of directors, the CEO, and the auditor.

The Annual General Meeting (AGM) is to be held no later than six months after the conclusion of the financial year. The shareholders appoint the board of directors, along with an auditor, at the AGM. The board of directors appoints the CEO. The auditor reviews the annual report as well as the administration by the board of directors and the CEO.

The duties of the Nomination Committee are determined at the AGM, and consist primarily of proposing board directors, the Chairman of the Board and the auditor for election at the AGM.

Artificial Solutions is listed on First North Market at NASDAQ Stockholm, which does not constitute a regulated market. The company is not therefore compelled to comply with the Code.

Shareholders

Information about Artificial Solutions' shares and shareholders can be found on pages 56–58.

Annual General Meeting

The AGM is Artificial Solutions 's highest decision-making body and the forum where the rights of shareholders are exercised.

Resolutions are passed at the AGM concerning proposals from the nomination committee, the board of directors and the shareholders, as well as any other resolutions pertaining to the relevant articles of association or law. These include resolutions on:

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

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

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

Nomination Committee

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

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

Principles for Establishment of Nomination Committee

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

Information about the names of the members of the nomination committee and which owner they represent shall be stated on the Company's website.

If owners, who are represented in the nomination committee, no longer belong to the three largest shareholders after the announcement, their member shall make their place available and such shareholders belonging to the three largest shareholders shall instead be offered a place in the Company's nomination committee.

However, there is no need to consider minor changes. If a member leaves the nomination committee before its work is completed and if the nomination committee considers that there is a need to replace this member, the nomination committee shall appoint a new member according to the principles above but based on Euroclear Sweden AB's transcript of the share register as soon as possible after the member had left the nomination committee. Owners who have appointed a member of the nomination committee have the right to dismiss such a member and appoint a new member.

Amendments in the composition of the nomination committee must be immediately announced.

Instruction for the Nomination Committee

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

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

Members of the Nomination Committee for the 2024 AGM Included:

The Nomination Committee consisted of:

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

The Committee has held a total of three meetings in 2023.

Board of Directors

The board of directors assumes ultimate responsibility for Artificial Solutions' organization and administration.

The members of the Board of Directors, as well as information on dependencies and a presentation of the members of the Board of Directors, can be found in the section Board of Directors. The Board of Directors currently has five members, including one woman and four men.

The work of the board of directors is governed by the Companies Act, the Articles of Association and the rules of procedure adopted by Artificial Solutions' board of directors.

The company's rules of procedure specify, among other things, the allocation of responsibilities between the board of directors and the CEO. At the meetings of the board of directors, the board discusses the company's future development, strategy, quarterly reports, budget, financing and conducts the customary follow-up procedures of the strategic and operational activities of the company.

The board of directors also evaluates Artificial Solutions financial reporting each year and sets requirements on its content and layout to safeguard a high level of quality. The company's auditor attends the meeting each year where the annual financial statements are approved. The company's CEO, Per Ottosson, is an adjunct and attends the board of directors' meetings along with the company's CFO, Fredrik Törgren, who also serves as secretary at the board of directors' meetings.

All resolutions voted on by the board of directors are based on detailed decision data and are passed following discussions led by the Chair of the board.

The Board Of Directors' Committees

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

Audit Committee

The Audit Committee consists of Johan A. Gustavsson (chairman) and Åsa Hedin. The Audit Committee assumes a supervisory role with respect to the company's risk management, governance, and controls in addition to financial reporting. The Committee has held a total of five meetings in 2023. The auditor reports their observations to the Audit Committee on a regular basis.

Remuneration Committee

The Remuneration Committee deals with issues concerning the principles behind remuneration and other terms of employment for the CEO and company management. The committee evaluates ongoing remuneration schemes for company management and observes and evaluates the application of the guidelines for remuneration resolved on at the AGM. The Remuneration Committee consists of Lars Roth as Chairman and Mathias Björkholm as member. . The Remuneration Committee held a total of nine meetings in 2023.

CEO

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

AUDITOR

The auditor reviews the annual report, the accounts, and the administration by the board of directors and the CEO and reports to the AGM. The AGM on June 27, 2023, resolved to appoint the registered accounting firm Grant Thornton Sweden AB as authorized auditor for the period until the end of the next annual general meeting. It was noted that Grant Thornton Sweden AB intends to appoint the authorized auditor Carl-Johan Regell as auditor in charge.

Financial Reports



Directors' Report

The board of directors and the CEO of Artificial Solutions International AB (publ),org. no. 556840-2076, with registered office in Stureplan 15, 111 45 Stockholm, hereby submits the annual accounts and the consolidated account for the financial year 2023 (Jan-Dec). The annual report has been prepared in Swedish Krona (SEK) with all figures reported in SEK thousand, unless otherwise stated.

Group Structure

Artificial Solutions International AB (publ) is the parent company in a Group. The parent company owns 100% of its subsidiary, Artificial Solutions Holding ASH AB, org no. 556734-1556. Artificial Solutions Holding ASH AB, in turn owns 100% of the subsidiary Artificial Solutions B.V., org no. 34162309.

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

In the fourth quarter of 2023, the company has continued its strategy to simplify the operational and legal group structure by entering the German legal entity into a voluntary liquidation process. Existing customer agreements have been transferred to other subsidiaries of the group. The company does not expect any negative impact from a P&L and cash flow perspective due to the voluntary liquidation. Artificial Solutions Germany GmbH entered into voluntary liquidation at the end of 2023. The company does not have any activity and the liquidation period is estimated to be completed at the end of 2024.

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

Research And Development

Artificial Solutions has its own dedicated organization for product research and development, with highly experienced software engineers and computational linguists specializing in natural language developments. The activities are focused on continuous improvements of the Teneo platform. A total of 20.9 MSEK (13.2) was invested in capitalized development expenses as capital expenditures during the year and the total capitalized development expenses in the balance sheet amounted to 39.7 MSEK (31.9). The increased investments compared to previous year are due to a higher capitalization rate.

Operations

Artificial Solutions (SSME: ASAI) is a leader in AI. Our platform, Teneo®, is used by millions of people in hundreds of SaaS implementations in the private and public sectors worldwide. Our solution Teneo OpenQuestion optimizes AI for voice, automates customer service and reduces costs.

Teneo.ai, Teneo, and OpenQuestion are registered trademarks of Artificial Solutions.

Sustainability and Internal Control

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

ISO 27001 Certification

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

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

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

Artificial Solutions Equality and Queries Channel

Artificial Solutions is committed towards creating a safe and enjoyable environment to all employees and on its way to achieve such goal has decided to improve communication channels inside the company. Employees can report serious matters anonymously or reasonable suspicion of such matters. Through this report, employees can submit information about reprehensible matters or report actions that are unethical, illegal or in violation of internal policies. The scheme is to be used to bring matters to light that would not otherwise have come to light.

It can be reported confidentially with indication of name and contact information or, if desired, 100% anonymously. All inquiries are treated confidentially and securely.

Significant Events During the Financial Year 2023

Facility Agreement Renegotiated

On January 26, 2023, Artificial Solutions and Capital Four signed a binding amendment and restatement agreement regarding the renegotiated credit agreement. According to the new terms for the credit agreement, all accrued interest, corresponding to approximately 28 MSEK, was written off and the yearly interest rate onwards was 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 has been materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023. There has been a P&L positive impact +28 MSEK in the first quarter 2023.

Tax Credit Refund

On January 19, 2023, the company received cash payment of 5.7 MSEK (6.4) from the Spanish Tax Authority following completed R&D review of R&D investments in 2020.The company has decided not to more resources on getting this Tax deduction for 2022 R&D performed work. See post balance sheet events to acknowledge cash received in 2024 for 2021 R&D investment.

Rights Issue Announced In December 2022

The successful rights issue completed in the first quarter 2023 provided the company with approximately SEK 95.9 million in proceeds before deduction of costs of 23,5 MSEK related to the rights issue. The total number of shares after completion of the rights issue was 102,429,090.

Strategic Review

The Board of Directors of Artificial Solutions on October 26, 2023, announced that it initiates a review of strategic alternatives to maximize shareholder value, as a consequence of the rapidly evolving market landscape in the field where Artificial Solutions is present.

Artificial Solutions is a world-leading company within AI. Artificial Solutions is at the forefront of AI-driven conversations with Teneo®, an innovative platform that transforms customer service. Teneo enables companies to use customized virtual assistants and smooth interactions based on advanced NLU, ML, GPT and TLML. With the entry-level solution OpenQuestion, the benefits of AI and Large Language Models can be experienced in just 60 days.

Teneo offers cloud-based design, security and reliability. With a diverse portfolio and significant partnerships, Teneo creates business value and customer satisfaction. Its scalable, secure, and transparent SaaS solution with integrations of LLMs ensures availability and high security. Teneo offers a competitive advantage in the AI landscape with a focus on collaboration and outstanding user experiences.

The company has a strong market position as a clear leader in its niche, a Cloud-based platform, Teneo, built on patented technology and has during 2022 and 2023 shown very strong growth in recurring software revenues (+50% in Q3 2023 YoY) - in a market that is estimated by leading industry analysts to grow by 38% per year until 2031.

In light of this, the Board of Directors of Artificial Solutions decided to initiate a process to explore strategic alternatives for the company. As part of this process, the Board of Directors will consider all potential alternatives that can deliver value to the company's shareholders. Such options may include a sale of the company (in whole or in part), other strategic transactions or the company continuing to operate as it does today with its shares traded on Nasdaq First North Growth Market.

The Board of Directors has mandated Pareto Securities AS, as financial advisors and to assist the Company in its review of strategic alternatives. Law firm Schjodt has been appointed as legal advisor in connection with the review process.

The Board of Directors has not set a timetable for completion of its review. There can be no assurance regarding the results or outcome of Artificial Solutions' review of strategic alternatives. Subject to compliance with its ongoing disclosure obligations pursuant to applicable laws and regulations, Artificial Solutions undertakes no obligation to make any further announcements regarding the exploration of strategic alternatives unless and until final decisions are made by the company's Board of Directors.

Rights Issue of 26 MSEK announced

On December 13, 2023, Artificial Solutions announced that the board of directors of Artificial Solutions resolved on a share issue with preferential rights for Artificial Solutions' shareholders. In February 2024, the company received the gross proceeds from the successful rights issue of in total 25.6 MSEK.

Customers

During the first quarter of 2023 renewal license agreements were signed with the Italian bank, **Widiba**, and with the Swedish insurance company **Folksam**.

During the second quarter of the year, renewal SaaS agreements have been signed with a **Global American Tech company**, **Medtronic**, and **Circle K**. Also, renewal licenses agreements have been signed with **Swisscom** and **UBS.**

In July 2023, the company signed a License renewal agreement with **HRSA**.

As part of its ongoing digitalization journey, a major **Swedish food retailer** has extended its license contract for yet another year with the objective to continue expanding the Teneo capabilities, including exploring the Teneo Generative AI capabilities.

In December 2023, the two Italian banks, BPM and Widiba, renewed their license agreements for the 2024 year.

Sales Development

Revenue Model, KPI's And Financial Targets

The company introduced the SaaS business and delivery model in the fourth quarter 2020 and our financial targets were announced in the third quarter 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

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. This change in revenue model has not resulted in any changes in the accounting principle for revenue recognition and has effect on current accounting principles.

Professional services are no longer in focus for the company as partners will 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.

New Way Of Measuring ARR From Beginning Of The Fourth Quarter

With start from the fourth quarter 2023, the company changed the computation and reporting of the ARR metric, which is computed as the average monthly recurring revenues over the quarter multiplied by 12. This change provides a more accurate representation of the annual recurring revenues and avoid monthly fluctuations like what the company experienced during the third quarter 2023.

The SaaS business model is growing in importance. The recurring revenues derived from SaaS customers for the fourth quarter 2023 amounted to 7.8 MSEK and constituted 49% of total recurring revenues, 15.7 MSEK, and 49% of net sales. This number will grow as: more customers are added to the SaaS model, existing customers ramp up in terms of API call volumes, and existing customers are converted to the SaaS model. Expert Services revenues are low and will be limited going forward as well due to the focus on recurring revenues.

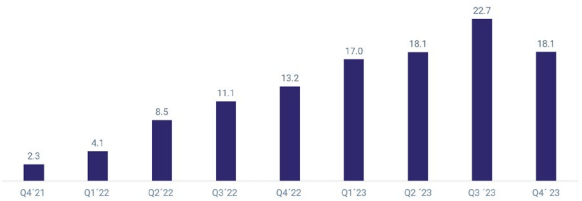
An important KPI to follow is the API call volumes development on the SaaS model as this metric is linked to the API call revenues generated by SaaS customers. This metric coupled with the SaaS ARR are also part of our financial targets. The reported API call volumes from SaaS customers are the monthly average SaaS API call volumes in a quarter. All to avoid monthly fluctuations.

The monthly average SaaS API call volumes in active customers, increased from 13.2 million in the fourth quarter 2022 to 18.1 million in the fourth quarter 2023, equivalent to a growth of 37%. The API call volumes increased significantly in July and August 2023 due to high WhatsApp usage for two of our US customers – part of the calls being of fraudulent nature. In the fourth quarter 2023, two of our US customers had the WhatsApp channel closed and that combined with seasonality (Christmas period) resulted in average monthly API call volumes in line with our September 2023 number.

At the beginning of 2024, the two US customers have restarted their WhatsApp channels albeit with many limitations for security reasons and the company recorded its highest SaaS API call volumes in the first quarter of 2024. The positive growth trajectory has continued in 2024.

The existing non-SaaS customers experienced 12% growth in quarterly average API call volumes between the fourth quarter 2022 and the fourth quarter 2023. The higher usage volumes on non-SaaS customers are also driving the increase in recurring revenues and total ARR. The API calls generated by non-SaaS customers are not always directly linked to the Usage revenues and for that reason we are not disclosing the volumes.

SaaS API Calls Quarterly Average (million) + 37% YoY

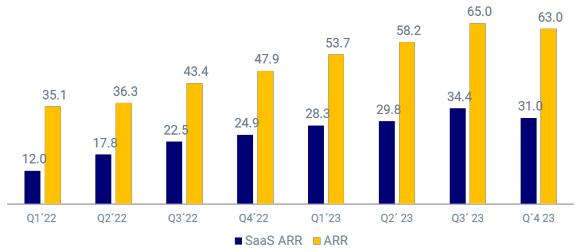


A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero. As per 31st of December, there are 11 SaaS customers, 12 with the incorporation of Medhelp in April 2024.

The company strategy is to focus on partnerships and direct sales. The distribution channels of the company through its partners, means that one subscription would entitle the partner to have multiple customers, representing one customer for Artificial Solutions even if revenues would be multiplied. For that reason, SaaS API call volumes is the key operational metric to track and for this reason, the company may not report the total number of customers as the company revenues grow further.

The SaaS ARR in the fourth quarter 2023 amounted to 31.0 MSEK, an increase from 24.9 MSEK in the same period 2022, equivalent to a growth of 24%. ARR for total business amounted to 63.0 MSEK in the fourth quarter 2023, an increase from 47.9 MSEK in the same period 2022, equivalent to a growth of 31%. See chart below starting first quarter 2022 for graphical details.

SaaS and Total ARR Quarterly Average (MSEK) + 31% YoY



The recurring revenues (Usage, License and Support) in the year 2023 amounted to 60.0 MSEK (40.7), equivalent to 99% (89) of total net sales and an increase of 47% compared with the same period last year. The SaaS recurring revenues on a rolling 12-month basis in the year 2023 amounted to 30.9 MSEK (19.3), a growth of 60% compared with same period last year.

The growth in API calls and API call/Usage revenues is key for our gross margin to improve from current levels. The table below is showing the quarterly revenues from the fourth quarter 2022 to the fourth quarter 2023 split by License & Support, Usage and Other and the combined recurring revenues.

MSEK	OCT - DEC 2022	JAN - MAR 2023	APR - JUN 2023	JUL - SEP 2023	OCT - DEC 2023
License & Support	6.2	6.3	6.2	6.4	6.7
Usage	5.7	7.1	8.4	9.9	9.1
Other	1.0	0.2	0.2	0.1	0.0
Total Net Sales	**13.0**	**13.6**	**14.8**	**16.4**	**15.8**
(*) Of which Recurring Revenues	12.0	13.4	14.6	16.2	15.7

SIGNIFICANT EVENTS AFTER 2023

Tax Credit Refund

On January 25, 2024, the company received cash payment of 4.7 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments in 2021.

Rights Issue Proceeds

The successful rights issue that took place in the first quarter of 2024, provides the company with approximately 25.6 MSEK before deduction of costs related to the rights issue. The rights issue was oversubscribed with a subscription rate of 166%. The total number of shares outstanding after completion of the rights issue is 273,144,240.

People

Following strategic review, the company has restructured its Sales organization into two units: New Business and Global Channels, led by Chris McManus and Customer Sales and Engagement, led by Patrik Rosenberg. During the first quarter 2024, Nuria Vilanova was appointed as Chief People Officer and part of the management team.

Renewals Existing Customers

- Renewal of SaaS agreement with Medtronic, one of the largest medical device companies in the world, incorporating an additional subscription to the existing.
- Renewal of License Agreement with Swisscom for one year.
- Global American Tech company expands our solution to the Japanese market. In April 2024, this company has renewed SaaS agreement.
- Renewal of license agreement with UK division of UBS, a global financial services firm, during the second quarter of 2024.

New Partnerships

In February 2024, the company signed a partnership agreement with the System Integrator and AWS Connect Partner, EPAM. EPAM has global coverage of the AI market with 280 of the world's largest customers and 58,000 employees. This partnership is bringing to the company several business opportunities.

New Customers

The company has signed a SaaS agreement with MedHelp Care for AI-Based voice chatbot. MedHelp Care offers one of Sweden's most used health platforms for employers. The company's roughly 500 customers with approximately 200,000 employees, will also have the opportunity for AI-based absence reporting via telephone through a voice chatbot from the AI platform Teneo.

Artificial Solutions will integrate Teneo's voice chatbot into MedHelp Care's telephone service. This will reduce waiting times, increase the level of service, and free up nurses' time for more complex advice.

Thanks to our newly shaped sales organisation, specifically focused on the US, Northern Europe and the German market, the company is building a pipeline rapidly which will help on growing our business.

FUTURE DEVELOPMENTS, RISKS AND UNCERTAINTIES

Political and Geopolitical Conflicts

The company is not experiencing any direct negative impact due to the current active Political and Geopolitical conflicts. Our company has no operations nor customers in conflict zones.

Interest Fluctuation

The company interest rate on its existing loan is fixed to a 4% interest rate per and is therefore not exposed to interest fluctuations.

Legislation

The company is not experiencing disruption on its operations due to regulatory shifts concerning data privacy, security, or compliance. The company remains vigilant in addressing regulatory modifications prompted by the AI Act.

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.

Markets

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

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

Intellectual Property

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

People

As any small software company, Artificial Solutions is dependent on executives and key personnel with a detailed knowledge of the company and the industry. Identifying and recruiting qualified personnel and training them requires significant time, expense, and attention. In a highly competitive market, there is also a risk that Artificial Solutions may not be able to retain or hire such personnel to the extent necessary. Artificial Solutions' business may also be adversely affected. Nevertheless, the company has during 2024 compensated employees through salary review and also, has incentive programs in place to retain key employees.

Ownership

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

Number of shares as of December 31, 2023, amounted to 102,429,090.

	31 DEC 2023	31 DEC 2022
Number of shares at the end of the period	102,429,090	6,570,538
Average number of shares before dilution	82,852,343	6,570,538
Average number of shares after dilution	82,852,343	6,570,538

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

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

Shareholder	Capital %
SEB-Stiftelsen	11.0%
Sven Härgestam Private	9.2%
Theodor Jeansson Jr.	5.9%
Avanza Pension	5.5%
Johan A. Gustavsson incl. corporate holdings	4.5%
Johan Hernmarck	3.9%
Ulf Johansson	3.7%
Sunhold B.V.	2.9%
Niclas Nyström	2.5%
Staffan Bohman	2.5%
Other Shareholders	48.4%

On February 12, 2024, as a result of the rights issue, the total number of shares outstanding increased to 273,144,240. As a result, the list of the 10 largest shareholders as of 31st of March, 2024, is listed below:

Shareholders	Capital %
Sven Härgestam	11.1%
SEB-Stiftelsen	11.0%
Theodor Jeansson Jr.	6.9%
Stockhorn Capital AB	6.7%
Avanza Pension	5.0%
Johan Hernmarck	4.6%
AB Couronne a company controlled by Johan A Gustavsson	4.5%
Ulf Johansson	4.4%
Sunhold B.V.	3.7%
Niclas Nyström	2.9%
Other Shareholders	39.2%

New Warrant Program 2023/2026 Approved

The Annual General Meeting on June 27th 2023 resolved, in accordance with the board of directors' proposal, on establishment of Warrant Program 2023/2026 by a) directed issue of warrants to subsidiary and b) approval of transfer of warrants to management and other key persons of the Company or its subsidiaries. The number of warrants amounted to a maximum of 11,381,010. For each warrant held, the holder shall have the right to subscribe for one (1) new share in the Company. The subscription price of shares when exercising the warrants corresponds to 250 per cent of the volume-weighted average price for the Company's share on Nasdaq First North Growth Market during the ten trading days immediately preceding the Annual General Meeting of shareholders in the Company in 2023. The subscription price for the warrant program is 3.20 SEK. However, the subscription price may never be less than the quota value of the share.

Notification for subscription may be made during the period from and including 1 July 2026 until and including 31 December 2026.

Outstanding Warrants Per Program and Strike Prices

In April 2023, the company cancelled – in full or partially - unallocated, unvested, and surrendered warrants in all outstanding warrant programs.

On December 31, 2023, there were four existing incentive programs. None of the warrant programs have been exercised by the warrant holders on December 31, 2023.

Programs	Number of warrants	Strike Price (SEK)
2019/2024	601,392	31.3
2020/2025:1	3,900	16.8
2021/2024:1	239,950	8.3
2023/2026	11,381,010	3.2

Commentary to Financial Statements

Income Statement

Net sales for the year 2023 amounted to 60.5 MSEK (45.7), equivalent to an increase of 33% compared to the same period last year. The recurring revenues (Usage+License+Support) for the year 2023 amounted to 60.0 MSEK (40.7), equivalent to 99% (89) of total net sales. A high percentage of recurring revenues of total net sales provides stability and visibility and is the foundation of our SaaS model.

Personnel costs for the year 2023 amounted to -88.4 MSEK (-85.5), an increase of 2% compared to the same period last year. Headcount at the end of the fourth quarter is 61 (74) employees. The increase in personnel costs is due to the higher number of headcounts during the first quarter of 2023, 76, compared to the first quarter of 2022, 64, together with the higher amount on sales commissions and exit costs. Without considering commissions, exit costs and other variable and year end accounting adjustments, personnel costs in the fourth quarter amounted to -18.5 MSEK (-20.4).

Depreciation and amortization in the year 2023 amounted to -14.2 MSEK (-12.7). Capitalized R&D for the same period amounted to 20.9 MSEK (13.2). The 59% increase is due to a higher capitalization rate.

Net financial items amounted to 14.4 MSEK (3.8) for the full year 2023.

The interest income and costs for the year 2023 amounted to 13.6 MSEK (-31.7). The positive net impacted interest costs are the result of the renegotiation of the existing facility agreement, effective date March 2, 2023. The reversal of the written off interest of 28 MSEK has been materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023. The actual interest cost for the credit facility in the fourth quarter 2023 amounted to -3.6 MSEK, and for the full year 2023 to -14.9 MSEK (of which -0.9 MSEK correspond to December 2022 and -3.7 MSEK to the capitalized costs related to the transaction). The interest rate is a 4.00% fixed interest rate and is not payable until maturity in December 2026. The net financial items for the year were impacted with 0.8 MSEK by currency exchange rate differences, while the fourth quarter 2023 recorded -6.7 MSEK in currency exchange rate differences.

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2022 and 2023.

Cash Flow, Working Capital And Financial Position

Cash flow from operating activities before changes in working capital in the fourth quarter of 2023 amounted to -8.6 MSEK (-19.1) and to -53.8 MSEK (-81.5) for the year 2023.

In the fourth quarter 2023, total amount for adjustments of items not affecting cash flow amounted to 0.6 MSEK (0.2).

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

Cash flow from operating activities for the fourth quarter 2023 amounted to -12.7 MSEK (-14.6) and to -55.6 MSEK (-78.0) for the year 2023.

Cash flow from investing activities in the fourth quarter 2023 amounted to -9.4 MSEK (-4.9) and relate mainly to capitalized R&D expenditures and amounted to -21.3 MSEK (-14.5) for the year 2023. The increase in investing activities is an effect of a higher capitalization rate.

Cash flow from financing activities for the year 2023 amounted to 74.0 MSEK (-0.1). In February 2023, the company received the proceeds from the rights issue of 95.9 MSEK before transactional costs. Costs associated to the transaction amounted to -22.1 MSEK (-). During the third quarter 2023, the company received 0.2 MSEK from allocation of warrant programs to Swedish employees.

The company's cash and bank position as of December 31, 2023, amounted to 15.2 MSEK (18.2). During the first quarter 2024, the company has received 9.8 MSEK from payments of customer receivables. In addition, in January 2024, the company also received cash payment of 4.7 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments.

In February 2024, the company also received the proceeds from the rights issue announced in December 2023. Total proceeds before transactional cost amounted to 25.6 MSEK. Adjusted for the rights issue proceeds, tax credit payment and the collected customer receivables of open balances from end of year position, the company's cash and bank position as of December 31, 2023, would have amounted to approximately 55 MSEK.

With the measures mentioned above, the board of directors is of the opinion that the liquidity needs of the group have been adequately met. It is the board of directors assessment that the existing working capital is sufficient for continued operations and growth according to the current plan until the end of the third quarter. The board of directors is working on various financing alternatives and has initiated a process with an external advisor to ensure that the company has the required working capital to continue growth in the second half of 2024 and to ensure that such financing takes place when the market conditions for it are favorable. The board of directors believes that the conditions for this are good, based on currently known information.

Financial Overview

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

KEY RATIOS KSEK	2023	2022	2021
Net sales	60,543	45,678	38,866
Operating profit	-72,430	-88,890	-70,588
Profit after financial items	-58,002	-85,115	-69,471
Total intangible assets	39,636	31,912	28,430
Total assets	79,430	88,655	168,581
Total equity	-220,573	-233,655	-119,323
Earnings per share before dilution (SEK)(*)	-0.6	-13.0	-10.6
Earnings per share after dilution (SEK)(**)	-0.6	-13.0	-10.6
Solidity	-278%	-264%	-71%
Average no. of employees	67	68	62
Recurring Revenues	59,972	40,678	30,221
Usage Revenue	34,433	17,368	9,766
SaaS ARR, MSEK	31.0	24.9	8,4
SaaS API Call Volumes (Million)	18.1	13.2	2.3
NRR % (***)	145%	123%	n/a
Gross Margin %	67%	55%	59%
Adjusted EBITDA	-50,724	-76,600	-58,480
Cash flow from operating activities before changes in working capital (MSEK)	-53.8	-81.5	-96.1

(*) The Company completed a Reverse Stock Split of 10 to 1 in June 2022. Historical share numbers have been adjusted to reflect the split.
(**) The existing warrants are out of the money, so following K3, no dilutive effect is calculated.
(***) NRR measurement from 2022 onwards

Proposal for the Treatment of the Unappropriated Earnings

The Group

The Group's non-restricted equity amounts to -339,667,877 SEK of which -58,001,002 SEK are loss for the current year.

The Parent Company

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

SEK	2023
Share premium reserve	1,376,104,481
Other equity	-1,295,164,859
Result for the year	-44,490,607
	36,448,373

The board proposes that the following be carried forward	36,448,373
	36,448,373

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

Consolidated Income Statement

KSEK	Note	1 JAN 2023 – 31 DEC 2023	1 JAN 2022 – 31 DEC 2022
Operating income			
Net sales	3	60,534	45,678
Capitalized amount for own accounts	10	20,944	13,178
Other operating income	3	-1,170	5,842
Total operating income		***80,308***	***64,698***
Operating expenses			
Other external costs	4, 5	-50,112	-55,438
Personnel costs	6	-88,419	-85,460
Depreciation and amortization on fixed assets	10, 11	-14,204	-12,689
Other operating expenses		-2	-
Operating profit		***-72,430***	***- 88,890***
Result from financial items			
Interest income and similar items	7	35,292	37,542
Interest expenses and similar items	8	-20,866	-33,767
Profit after financial items		***-58,001***	***-85,115***
Tax on profit for the year		0	-246
NET PROFIT FOR THE YEAR		**-58,001**	**-85,362**

Consolidated Balance Sheet

KSEK	Note	31 DEC 2023	31 DEC 2022
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development of content	10	39,636	31,912
Total intangible assets		**39,636**	**31,912**
Tangible assets			
Equipment, furniture, and fittings	11	637	931
Total tangible assets		**637**	**931**
Total fixed assets		**40,274**	**32,842**
Other non-current receivables		1,066	1,783
Total non-current assets		**41,340**	**34,626**
Current assets			
Tax receivable		4,649	11,425
Accounts receivable		9,813	8,295
Other receivables		2,201	2,704
Prepaid expenses and accrued income	14	6,219	13,407
Total current assets		**22,882**	**35,832**
Cash and bank balances		**15,208**	**18,198**
TOTAL ASSETS		**79,430**	**88,655**

Consolidated Balance Sheet

KSEK	Note	31 DEC 2023	31 DEC 2022
EQUITY AND LIABILITIES			
Equity	15		
Share capital		119,096	118,270
Other contributed capital		1,376,104	1,311,027
Other equity including result of the year		-1,715,772	-1,662,952
Total equity		***-220,572***	***-233,655***
Long-term liabilities			
Liabilities to other lenders	16	250,453	263,843
Total Long-term liabilities		***250,453***	***263,843***
Current liabilities			
Accounts payable – trade		8,164	12,097
Income tax liability		742	883
Other liabilities		4,240	4,264
Accrued expenses and deferred income	17	36,403	41,224
Total current liabilities		**49,549**	***58,467***
TOTAL EQUITY AND LIABILITIES		**79,430**	**88,655**

Consolidated Change in Equity

KSEK	Share Capital	Other Contributed Capital	Other Equity Including Result of the Year	Total Equity
Balance brought forward	**118,270**	**1,311,027**	**-1,662,952**	**-233,655**
Warrant premiums	-	-	-125	-125
New share issue	826	88,564	6,468	95,859
Transaction costs	-	-23,486	-	-23,486
Loss for the year	-	-	-58,002	-58,002
Translation difference	-	-	-1,161	-1,161
Balance Carried Forward	**119,096**	**1,376,104**	**-1,715,772**	**-220,572**

Consolidated Cash Flow Statement

KSEK	Note	1 JAN 2023 - 31 DEC 2023	1 JAN 2022 - 31 DEC 2022
Operating Activities			
Operating Loss		-72,430	-88,890
Items not affecting Cash Flows			
Depreciation/amortization on assets		14,204	12,689
Other Adjustments	20	-2,099	-1,669
Items affecting Cash Flows			
Interest Paid and received		1,092	-9,774
Taxation paid and received		5,416	6,121
Cash flow from operating activities before changes in working capital		**-53,816**	**-81,524**
Increase (-)/Decrease (+) of operating receivables		3,965	-10,719
Increase (+)/Decrease (-) of operating liabilities		-5,777	14,050
Cash flow from operating activities		**-55,628**	**-78,193**
Investing activities			
Payments to acquire tangible fixed assets		-105	-394
Payments to acquire intangible fixed assets		-21,211	-13,876
Cash flow from investing activities		**-21,316**	**-14,270**
Financing activities			
New share issue		95,859	-
Cost of new share issue		-22,110	-1,434
Other changes in financing activities		204	-
Cash flow from financing activities		**73,954**	**-1,434**
Net change in cash and cash equivalents		**-2,990**	**-93,897**
Cash and cash equivalents beginning of the period		18,198	112,095
Cash and cash equivalents end of the period		15,208	18,198

Parent Company Income Statement

KSEK	Note	1 JAN 2023 - 31 DEC 2023	1 JAN 2022 - 31 DEC 2022
Operating income			
Net sales		1,550	1,354
Other operating income		7,908	4,393
Total operating income	3	**9,458**	**5,746**
Operating expenses			
Other external costs	5,6	-17,419	-15,450
Personnel costs		-	-
Operating profit		**-7,961**	**-9,704**
Result from financial items			
Interest income and similar items	7	36,469	12,278
Interest expenses and similar items	8	-14,999	-36,097
Result from credits and shares in group companies	9	-58,000	-287,000
Loss after financial items		**-44,491**	**-310,819**
Result before tax		**-44,491**	**-320,523**
Tax on result for the year		-	-
RESULT FOR THE YEAR		**-44,491**	**-320,523**

Parent Company Balance Sheet

KSEK	Note	31 DEC 2023	31 DEC 2022
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	12	283,634	283,425
Receivables from Group companies	13	115,825	102,527
Other non-current receivables		2	368
Total Financial assets		**665,950**	**386,320**
Total non-current assets		**665,950**	**386,320**
Current assets			
Current receivables			
Other receivables		1,644	1,813
Prepaid expenses and accrued income	14	1,133	4,986
Total current receivables		**2,777**	**6,799**
Cash and bank balances		**11,802**	**10,326**
Total current assets		**14,580**	**17,125**
TOTAL ASSETS		**414,041**	**403,445**

Parent Company Balance Sheet

KSEK	Note	31 DEC 2023	31 DEC 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15	119,096	118,270
Total restricted equity		**119,096**	**118,270**
Non-restricted equity			
Share premium reserve	15	1,376,104	1,311,026
Other equity		--1,295,165	-980,986
Result for the year		-44,491	-320,523
Total non-restricted equity		**36,448**	**9,518**
Total equity		**155,544**	**127,787**
Long-term liabilities			
Liabilities to other lenders	16	250,453	263,843
Total Long-term liabilities		***250,453***	***263,843***
Current liabilities			
Accounts payable – trade		4,636	7,922
Liabilities to Group companies		1,016	951
Other liabilities		131	111
Accrued expenses and deferred income	17	2,261	2,830
Total current liabilities		***8,043***	***11,814***
TOTAL EQUITY AND LIABILITIES		**414,041**	**403,445**

Parent Company Change in Equity

KSEK	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	RESULT FOR THE YEAR	TOTAL EQUITY
Amount brought forward	**118,270**	**1,311,026**	**-980,986**	**-320,523**	**127,787**
Transmission of previous year's	-	-	-320,523	320,523	**-**
New Share Issue	826	88,564	6,468	-	95,858
Warrant premiums	-	-	-125	-	-125
Transaction costs	-	-23,486	-	-	-23,486
Result for the year	-	-	-	-44,491	-44,491
Balance carried forward	**119,096**	**1,376,104**	**-1,295,165**	**-44,491**	**155,544**

Parent Company Cash Flow Statement

MSEK		1 JAN 2023 - 31 DEC 2023	1 JAN 2022 - 31 DEC2022
Operating Activities			
Operating Result		-7,961	-9,704
Items not affecting Cash Flows			
Depreciation/amortization on assets		-	-
Other Adjustments	20	-393	-
Other items affecting Cash Flows			
Interest paid and received		748	-10,329
Taxation paid and received		-3	1
Cash flow from operating activities before changes in working capital		-7,609	-20,065
Increase (-)/Decrease (+) of operating receivables		-64.075	-71,153
Increase (+)/Decrease (-) of operating liabilities		-0.587	5,033
Cash flow from operating activities		**-72,270**	**-86,186**
Investing activities			
Payments to acquire intangible fixed assets		-2	-
Cash flow from investing activities		**-2**	-
Financing activities			
New share issue		95,859	-
Cost of new share issue		-22,110	-1,434
Cash flow from financing activities		**73,749**	**-1,434**
Net change in cash and cash equivalents		**1,476**	**-87,619**
Cash and cash equivalents beginning of the period		10,326	97,945
Cash and cash equivalents end of the period		**11,802**	**10,326**

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 2023. 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 & Loss

Translation and Transaction

Sales and purchases in foreign currencies are recorded at the transaction date's spot rate. Any losses or gains (transaction differences) that arises on payment is recorded in the income statement.

Outstanding receivables and liabilities in foreign currencies at the balance sheet date are translated to the balance sheet day rate and translation differences are accounted for in the income statement.

Revenue Recognition

Licenses

Legacy deals are based on term licenses for the use of the Teneo platform. This license gives the customer access to the Teneo Platform and allows the customer to build and, then optionally, host their solution. It is possible for the customer to host multiple solutions, multiple languages, or multiple platforms on a single license. Typically, the licenses are signed for a term of one to three years and the group's experience is that the solutions become embedded in the customers business. License Fees are due and payable annually in advance.

Whilst customers will generally contract for a one- or three-year agreement, they will tend to only accept an invoice annually in advance. Revenues from Term Licenses are recognized ratably over the life of the agreement.

Support and Maintenance

As with all enterprise grade software solutions, Artificial Solutions provides support and maintenance. This forms a compulsory element of the Teneo Term License and covers the cost of maintaining and supporting the Teneo platform itself.

For revenue recognition purposes, Artificial Solutions identify 17 per cent of the Term license fee as relating to Support and Maintenance. Whilst the customers Term license is current, they are entitled to receive any bugs or fixes applied to the Teneo Platform Software as well as being entitled to access and install the latest release of the software. Support and Maintenance covers the Teneo platform only and not the solution or use case that is built upon the platform. In the event that the customer wants their solution maintained, then this is generally covered by a professional services agreement.

Along with the Term License, Support and Maintenance is generally contracted for a two- or three-year term and invoiced annually with revenue recognized ratably over the life of the agreement.

Usage Fees

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

Software as a Service – subscription fees

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

API Calls

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

Data, Addittional End Points and Extra Seats

The company gets revenues from the Data storage in the cloud, plus additional end points or seats above the ones included on the base suscription. Revenue is recognized monthly upon consumption.

Professional Services and Training

Professional services are no longer in focus for the company so it is the companies’ partners the ones providing those services. If training are delivered, revenues are recognized aligned when delivered. The value of these services is very residual in the fiscal years reported.

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

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

Development projects that are of significant value for the group are accounted for as an intangible asset on the balance sheet. An intangible asset for development is recognized when it is technically feasible to complete the asset for use or sale, the intention is to use or sale the asset, it is likely that it will generate future economic benefits and the expenditure attributable to the asset can be measured reliably. The assets are measured at fully loaded cost of the developers less any subsequent depreciations and impairment. The assets are tested for impairment annually.

The assets are impaired if their carried value exceeds the recoverable amount, which is the higher of value in use and fair value less cost to sell. Any research cost or any development cost that do not meet the criteria of future economic benefit, remains in the profit and loss account as an expense of its own nature.

Remuneration to Employees

Short-term benefits

Short term benefits to employees, such as salaries, holiday pay and bonuses, are compensation to employees who fall due within 12 months from the balance sheet date in the year in which the employee earned the compensation.

Short term compensation is valued at the undiscounted amount that the company is expected to pay as a result of the unused right.

Remuneration After Termination of Employment

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

Defined Contribution Pension Plans

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

Borrowing Expenses

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

Interest Revenue

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

Taxation

Taxation consists of current and deferred taxation. Current taxation is income tax that is to be paid or received related to the financial period. Deferred tax refers to temporary timing differences in tax assets and liabilities that will be paid in the future. There are no substantial deferred tax liabilities and tax receivables.

Deferred tax receivables are recognized only to the extent that they are expected to be recovered within foreseeable future. No deferred tax receivables have been accounted for. The Parent Company and the Group have chosen not to capitalize deferred tax on tax losses.

Balance Sheet

Fixed Assets

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

Capitalized expenditure for software development	5 years
Other intangible assets: Equipment, furniture, and fitting	4 years

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

Financial Assets

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

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

Financial Instruments

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

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

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

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

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

Cash Flow

Cash Flow Analysis

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

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

Note 2. Estimates And Judgements

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

Management has assessed the application of accounting principles and identified sources of uncertainty in estimates, principally related to the value of Intangible assets and the future revenue streams likely to be generated from subscription and API call revenues under the SaaS business model. In arriving at these assessments Management has carefully assessed risks and opportunities on existing and future customer contracts, independent valuations of the group patent portfolio, as well as transactions involving similar companies.

The nature and timing of these agreements remains subject to uncertainty.

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

The management considers that sufficient funds will be available to support the ongoing development of the solutions and the continuing sales cycles to fund the business. Furthermore, the company and its board of directors continuously review the possibility of strengthening the balance sheet and liquidity when market conditions are favorable. As a company undergoing strong growth, it is always an advantage to be well financed.

Note 3. Net Sales And Other Operating Income

Net Sales Split By Geographical Market

KSEK	THE GROUP 2023	THE GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Europe and rest of the world	31,073	26,580	1,550	1,354
USA	29,461	19,097	-	-
Total Net Sales	**60,534**	**45,678**	**1,550**	**1,354**
Other operating income	-1,170	5,842	7,908	4,393

During 2022, Artificial Solutions Iberia S.L. received confirmation that its application for a tax refund in respect of R&D work performed in 2021, in accordance with the Spanish law "Ley del Impuesto de Sociedades, art. 35 ", was approved. As such, the group recognized the tax refund as Other Operating Income of 5,754 KSEK. The amount the company was eligible to was 1.3 MSEK lower. On 2023, the group shows the impact by reduction of other operating income. Other operating income in 2023 in the parent company, refers mainly to revenues from services delivered to group companies and amounted to 7,908KSEK (4,393).

Sales and Purchases Between Parent Company and Other Group Companies

SALES & PURCHASES GROUP COMPANIES	SALES 2023	SALES 2022	PURCHASES 2023	PURCHASES 2022
Artificial Solutions Iberia SL	3,609	1,988	1,016	947
Artificial Solutions Inc	4,299	2,402	-	-
Total	**7,908**	**4,390**	**1,016**	**947**

Out of the previous information, the parent company as lender, has charged to Artificial Solutions Holding, ASH AB interest of 7,413 KSEK (11,470 KSEK). The reduction on the interest charged is the result of the conversion into equity of the part of the existing debt between the two entities.

Note 4. Other External Costs. Leasing Commitments

During 2023 the group's payments due to leasing commitments amounted to 1,855 KSEK (1,728). There were no payments for leasing commitments in the parent company.

FUTURE MINIMUM LEASE PAYMENTS AMOUNT TO:	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
- within one year	1,373	1,606	-	-
- later than one year but within five years	889	1,728	-	-
- later than five years	-	-	-	-
Total	**2,262**	**3,334**	**-**	**-**

Note 5. Other External Costs. Disclosure Of Audit Fee and Cost Reimbursement

KSEK	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Grant Thornton				
Audit engagement	584	575	584	575
Tax consultancy	306	238	273	215
Other services	-	13	-	13
Others				
Tax consultancy	677	741	9	-
Total	**1,567**	**1,567**	**866**	**803**

Note 6. Personnel Costs. Average Number of Employees, Salaries, Other Remunerations and Social Security Charges

AVERAGE NO. OF EMPLOYEES	2023 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE	2022 AVERAGE NUMBER OF EMPLOYEES	WHEREOF FEMALE
Parent company				
Artificial Solutions International AB	-	-	-	-
Total in parent company	**-**	**-**	**-**	**-**
Subsidiaries				
Germany	1	0%	1	0%
Spain	47	41%	47	45%
Sweden	15	23%	15	20%
United States of America	4	0%	4	0%
Total in subsidiaries	**67**	**34%**	**68**	**36%**

On December 31, 2023, the management team was composed by four men and one woman, same as previous year.

SALARIES, REMUNERATIONS, ETC	2023 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)	2022 SALARIES AND OTHER REMUNERATIONS	SOC. COSTS (OF WHICH PENSIONS)
Parent company			-	-
Subsidiaries	64,540	21,690	61,984	20,096
		(4,575)		(3,896)

Out of total personnel costs in 2023, 18,880 KSEK (12,422) have been capitalized as development expenditures. The increase in the capitalization is mainly due to a higher capitalization rate applied during the year.

SALARIES AND OTHER REMUNERATIONS ALLOCATED BY COUNTRY AND SPLIT BETWEEN MANAGEMENT AND OTHER EMPLOYEES	2023		2022	
	MANAGEMENT TEAM AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)	MANAGEMENT TEAM AND CEO (OF WHICH BONUS, ETC)	OTHER EMPLOYEES (OF WHICH BONUS, ETC)
Parent Company				
Sweden				
Total in parent company				
Subsidiaries in Sweden	13,964	8,187	16,440	6,411
Foreign Subsidiaries				
Germany	-	898	-	890
Italy	-	-	-	470
Netherlands	-	-	-	-
Spain	-	31,945	710	27,617
United States of America	-	9,545	-	9,446
Total in subsidiaries	**13,964**	**50,576**	**17,176**	**46,424**
	(2,545)	**(182)**	**(3,687)**	**(374)**

A total of 3,356 KSEK (3,224) of the Swedish subsidiary's pensions costs refer to the CEO and management team.

		SALARIES AND OTHERREMUNERATIONS (OF WHICH BONUS, PENSION ETC...)	
KSEK	POSITION	2023	2022
Per Ottosson	CEO	6,413	6,315
		(2,608)	(2,377)

Remuneration to the Chief Executive Officer

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

Warrant Program Chief Executive Officer, Management Team and Other Employees

POSITION	TOTAL LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST) 2023	2022
CEO	66	298
Other Management team	119	2,046
Other Employees & Former employees	5,287	6,204
	5,472	**8,549**
	-	(1,616)

POSITION	2023	2022
Board Members	-	1,043
Total	**-**	**1,043**

Non-Swedish residents warrant holders do not have to pay a market-based warrant premium and the warrants therefore constitute a benefit. Consequently, the company recognizes the associated warrant costs as personnel costs (the costs are allocated based on the proportion of vested warrants during the period). The costs do not have any cash impact. The warrant programs are not in the money, so no costs associated have been booked in the fiscal year 2023 (1,616 KSEK previous year).

Incentive Programs

New Warrant Program 2023/2026 Approved

The Annual General Meeting on June 27th 2023 resolved, in accordance with the board of directors' proposal, on establishment of Warrant Program 2023/2026 by a) directed issue of warrants to subsidiary and b) approval of transfer of warrants to management and other key persons of the Company or its subsidiaries. The number of warrants amounts to a maximum of 11,381,010.

For each warrant held, the holder shall have the right to subscribe for one (1) new share in the Company.

The subscription price of shares when exercising the warrants corresponds to 250 per cent of the volume-weighted average price for the Company's share on Nasdaq First North Growth Market during the ten trading days immediately preceding the Annual General Meeting of shareholders in the Company in 2023. The subscription price for the warrant program is 3.20 SEK. However, the subscription price may never be less than the quota value of the share.

Notification for subscription may be made during the period from and including 1 July 2026 until and including 31 December 2026.

Outstanding Warrants Per Program And Strike Prices

In April 2023, the company cancelled – in full or partially - unallocated, unvested, and surrendered warrants in all outstanding warrant programs.

On December 31, 2023, there were four existing incentive programs. None of the warrants programs have been exercised by the warrant holders on December 31, 2023.

Programs	Number of warrants	Strike Price (SEK)
2019/2024	601,392	31.3
2020/2025:1	3,900	16.8
2021/2024:1	239,950	8.3
2023/2026	11,381,010	3.2

Remuneration to The Members of The Board Of Directors & Audit Committee

On January 2023, Fredrik Oweson announced his resignation from the Board of Directors of Artificial Solutions International AB (publ). At the Annual General meeting held on 27th of June 2023, it was resolved, in accordance with the nomination committee's proposal that board remuneration to be paid to the board of directors shall amount to SEK 600,000 to the chairperson of the board and SEK 250,000 to each one of the other directors elected by the meeting. It was noted that Paul St John had notified the nomination committee that he abstained from board remuneration in the case of his re-election. It was further resolved, in accordance with the nomination committee's proposal, that remuneration to members of the audit committee be paid with SEK 100,000 to the chairperson of the audit committee and SEK 50,000 to each other member of the audit committee.

The table below sets forth the remunerations to the board members (5 members on 31st December 2023, whereof one women):

NAME	ELECTION YEAR	BORN	POSITION	2023	2022
Asa Hedin	2019	1962	Chair of the board/Audit Committee member	625	537
Johan Gustavsson	2019	1963	Board member/Chair of Audit Committee	325	300
Mathias Bjorkholm	2023	1972	Board member	125	-
Lars Roth	2023	1977	Board member	125	-
Paul St John	2022	1967	Board member	-	-
Vesna Lindkvist	2021	1976	Former board member	150	300
Jan Uddenfeldt	2019	1950	Former board member	-	125
Johan Ekesiöö	2019	1954	Former board member	-	125
Total				**1,350**	**1,387**

Other Remunerations

NAME	ELECTION YEAR	BORN	POSITION	2023	2022
Asa Hedin	2019	1962	Chairman of the board	-	271
Jan Uddenfeldt	2019	1950	Board member	-	209
Johan Ekesiöö	2019	1954	Board member	-	159
Johan Gustavsson	2019	1963	Board member	-	159
Total				**-**	**798**

Warrant Program Board Members

POSITION	LIABILITY LINKED TO OUTSTANDING OPTION PROGRAMS (OF WHICH PERSONNEL COST) 2023	2022
Board Members	-	1,043
Total	**-**	**1,043**

In April 2023, the company cancelled warrants for the board.

Note 7. Interest Income and Similar Items

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest income	763	-	8,118	11,473
Reversal of interest costs from renegotiated PIK loan	28,160	-	28,160	-
Exchange rate gains	6,369	34,519	191	444
Other financial income	-	3,023	-	361
Total	**35,292**	**37,542**	**36,469**	**12,278**

On December 2022, the parent company and the lender of the 250 MSEK facility agreement, Capital Four, signed a binding amendment and restatement agreement regarding the facility agreement. In February 2023, the renegotiation of the amendment of the credit facility, which was done in connection with the rights issue, was completed.

The restated facility agreement became effective on March 2, 2023. According to the new terms for the facility agreement, all accrued interest, corresponding to approximately SEK 28 million, have been written off and the yearly interest rate onwards adjusted down to a fixed 4.00 % interest rate. These amendments have a positive impact financial result of the year.

In the parent company, 7,413 KSEK (11,473) of interest income comes from interest charged to group companies. In 2022, 2,870 KSEK is the reversal of a provision from 2020 of a group company uncollectable.

The company has restated the exchange rate differences at group level in 2022 after noticing an incorrect allocation between gains and expenses. There is no impact of any nature due to this change other than the change of the allocation per reporting purposes.

Note 8. Interest Expenses and Similar Items

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest expenses and similar items	15,322	31,610	14,943	31,492
Exchange rate losses	5,544	2,157	56	4,605
Total	**20,866**	**33,767**	**14,999**	**36,097**

Interest expenses and similar expenses for the group 2023 amounted to 15,322 KSEK (31,610) and refer mainly to interest from credit institutions, together with the costs associated from applying the effective cost interest method.

Note 9. Result From Credits and Shares in Group Companies

	PARENT COMPANY	
	2023	2022
Impairment of shares in subsidiaries	-287,000	-
Provision for receivables in subsidiaries	229,000	-287,000
Total	**-58,000**	**-287,000**

The board has evaluated the valuation of liabilities provided to the subsidiary where an assessment was made of the need for impairment. As a result, a provision of the 58,000 KSEK receivable against Artificial Solutions Holding ASH AB was made as of the balance sheet date. The assessment is based on, among other things, an impairment test, if the loan fully/partly refers to loss coverage and the subsidiary's assessed ability to repay the debt within a reasonably foreseeable future. In 2022, the board of directors did a similar assessment and the company made a provision of 287,000 KSEK of a an intercompany receivable from Artificial Solutions Holding ASH AB. In the first quarter of 2023, the parent company decided to contribute Artificial Solutions Holding ASH AB´s equity by way of setting off part of the existing liabilities in an amount of 287,000 KSEK. Thus, the provision was reversed, and the investment in the participation of the group was impaired and written down.

Note 10. Intangible Assets

LICENSES & IP RIGHTS	THE GROUP 2023	THE GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Acquisition value b/f	*20,354*	*19,315*	-	-
Purchases	74	231	-	-
Disposals	-	-	-	-
Exchange rate adjustments	-24	808	-	-
Accumulated acquisition values c/f	20,403	20,354	-	-
Amortization b/f	*-19,807*	*-18,786*	-	-
Depreciations and amortizations for the year	-339	-246	-	-
Disposals	-	-	-	-
Exchange rate adjustments	33	-774	-	-
Accumulated amortization c/f	-20,113	-19,807	-	-
Residual value acc. to plan c/f	**291**	**547**	**-**	-

CAPITALIZED EXPENDITURE FOR DEVELOPMENT	THE GROUP 2023	THE GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Acquisition value b/f	*156,888*	*146,521*	-	-
Purchases	*20,944*	*13,178*	-	-
Disposals	-	-	-	-
Exchange rate adjustments	*-162*	*-2,811*	-	-
Accumulated acquisition values c/f	177,670	156,888	-	-
Amortization b/f	*-125,524*	*-118,691*	-	-
Depreciations and amortizations for the year	*-13,467*	-12,047	-	-
Disposals	-	-	-	-
Exchange rate adjustments	*666*	5,214	-	-
Accumulated amortization c/f	*-138,325*	-125,524	-	-
Residual value acc. to plan c/f	**39,346**	**31,365**	**-**	**-**

TOTAL INTANGIBLE ASSETS	THE GROUP 2023	THE GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Net book value intangible assets	**39,636**	**31,912**	-	**-**

Note 11. Equipment, Furniture and Fittings

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Acquisition value b/f	*3,520*	*3,377*	-	-
Purchases	*105*	394	-	-
Disposals	*-134*	-455	-	-
Exchange rate adjustments	*20*	203	-	-
Accumulated acquisition values c/f	*3,512*	3,520	-	-
Depreciation b/f	*-2,589*	*-2,483*	-	-
Depreciation for the year	*-398*	-396	-	-
Disposals	*128*	455	-	-
Exchange rate adjustments	*-15*	-165	-	-
Accumulated depreciation c/f	-2,874	-2,589	-	-
Net book value carried forward	**637**	**931**	**-**	**-**

Note 12. Participations in Group Companies

INVESTMENT IN GROUP COMPANIES	PARENT COMPANY 2023	2022
Acquisition value b/f	*1,239,974*	*1,239,612*
Capital contributions to subsidiaries	287,210	362
Accumulated acquisition values c/f	1,527,184	1,239,974
Impairment value b/f	*-956,550*	*-956,550*
Impairment losses recognized	-287,000	-
Accumulated impairment c/f	-1,243,550	-956,550
Residual value acc. to plan c/f	**283,634**	**283,425**

COMPANY NAME	CORP. ID.NO.	DOMICILE	EQUITY	PROFIT/LOSS THIS YEAR
Artificial Solutions B.V.	34162309	Netherlands	-80,518	-38,801
Artificial Solutions Scandinavia AB	556256-4657	Sweden	51,465	19,907
Artificial Solutions Holding ASH AB	556734-1556	Sweden	75,002	-102,446
Artificial Solutions Iberia SL	B62059068	Spain	12,352	-44,947
Artificial Solutions Germany GmbH	HRB162917	Germany	453	-8,839
Artificial Solutions Inc	98-1119596	United States	100	-9,074

COMPANY NAME	NO. OF PARTICIPANTS	SHARE OF EQUITY %	BOOK VALUE
Artificial Solutions B.V.	200	100%	
Artificial Solutions Scandinavia AB	1,000	100%	
Artificial Solutions Holding ASH AB	3,646,109	100%	283,634
Artificial Solutions Iberia SL	500	100%	
Artificial Solutions Germany GmbH	1	100%	
Artificial Solutions Inc	1,000	100%	
			283,634

The companies on the group have contributed on equity on its subsidiaries through shareholder contributions by way of set off of existing group liabilities:

FROM	TO	2023	2022
Artificial Solutions International AB	Artificial Solutions Holding ASH AB	287,000	-
Artificial Solutions Holding ASH AB	Artificial Solutions B.V.	44,746	111,051
Artificial Solutions B.V.	Artificial Solutions Scandinavia AB	22,714	78,506
Artificial Solutions B.V.	Artificial Solutions Iberia SL	52,715	62,720
Artificial Solutions B.V.	Artificial Solutions Germany GmbH	8,988	11,756
Artificial Solutions Scandinavia AB	Artificial Solutions Inc	9,581	74,399

As disclosed in Note 9, in 2023, Artificial Solutions International AB impaired the value of its investment in Artificial Solutions Holding ASH AB by 287,000 KSEK by way of setting off part of the existing debt. The impairment does not have any impact on the profit and loss account due to the reversal of existing provision as uncollectable receivable done by the same value in 2022 fiscal year.

On December 9, 2020, the company communicated its decision to streamline its legal structure with fewer subsidiaries to fit the new SaaS business and delivery model and organization. The main objective with these activities was to reduce our operating costs as well as simplifying our operations. Following the decision, in the fourth quarter of 2023, Artificial Solutions Germany GmbH entered into a voluntary liquidation process. Existing customer agreements have been transferred to Artificial Solutions Scandinavia AB.

Note 13. Receivables From Group Companies

RECEIVABLES FROM GROUP COMPANIES	PARENT COMPANY 2023	2022
Accumulated acquisition value		
Accumulated cost b/f	*389,527*	*315,557*
Additional receivables	102,898	1,901,693
Settlement of receivables	-318,600	-1,827,723
Accumulated cost c/f	173,825	389,527
Accumulated impairment losses		
Accumulated provisions b/f	*-287,000*	-
Reversal of provisions during the year	*287,000*	-
Provisions during the year	-58,000	-287,000
Accumulated write downs c/f	*-58,000*	*-287,000*
Net book value carried forward	**115,825**	**102,527**

Note 14. Prepaid Expenses and Accrued Income

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Prepaid rent	6	96	-	-
Prepaid Insurance	630	321	504	140
Prepaid Licenses	824	830	131	60
Accrued Financial Cost	115	142	115	142
Accrued Income	1,742	4,944	-	-
Other items	2,902	7,075	383	4,644
Total	**6,219**	**13,407**	**1,133**	**4,986**

In 2022, out of other items, 4,442 MSEK corresponded to prepaid amounts linked to the rights issue concluded in 2023.

Note 15. Change in Equity

Proposal for the treatment of the unappropriated earnings

The Group

The group's non-restricted equity amounted to -339,669,004 SEK of which -58,002,128 SEK are losses for the current year.

The Parent Company

SEK	2023
Share premium reserve	1,376,104,481
Other equity	-1,295,164,859
Result for the year	-44,490,607
	36,448,373

The board proposes that the following be carried forward	36,448,373
	36,448,373

The 30th of January 2023, through Extraordinary General Meeting, it was resolved to approve the Board of Directors' resolution on a rights issue of not more than 144,551,836 shares with preferential rights for the Company's existing shareholders with a subscription price of 1 SEK per share and 1 February 2023 as record date, through which the Company's share capital is increased by a maximum of SEK 11,000,000. With the rights issue, 69,992,604 shares, corresponding to approximately 48.4 percent of the offered shares, were subscribed for. After that, Artificial Solutions International AB share capital amounted to 119,096,009 SEK distributed across 102,429,090 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.16.

All shares have been fully paid and are freely transferable.

Note 16. Liabilities to Other Lenders

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Long-term liabilities				
Principal	250,000	250,000	250,000	250,000
Capitalized Interest	11,191	28,160	11,191	28,160
Transaction Costs	-10,738	-14,317	-10,738	-14,317
Total interest-bearing liabilities	**250,453**	**263,843**	**250,453**	**263,843**

On December 2021, the parent company entered into a 5-year credit facility agreement of 250 MSEK with Capital Four. The interest rate was STIBOR + 9.5%. In December 2022, the company and the lender signed a binding amendment and restatement agreement regarding the facility agreement. In February 2023, the renegotiation of the amendment of the credit facility, which was done in connection with the rights issue, was completed. The restated facility agreement became effective on March 2, 2023. According to the new terms for the facility agreement, all accrued interest, corresponding to approximately 28 MSEK, was written off and the yearly interest rate onwards is adjusted down to a fixed of 4.00 % interest rate per annum. Interest is calculated on a quarterly basis and is capitalized and accumulate until maturity of the credit, 22 of December 2026. The credit facility carries customary covenants for a PIK loan, including a revenue covenant of 75 MSEK for full year 2025.

Note 17. Accrued Expenses and Deferred Income

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Accrued compensations incl. social charges	10,909	13,336	121	94
Deferred income	21,660	22,591	497	426
Other items	3,833	5,297	1,643	2,309
Total	**36,403**	**41,224**	**2,261**	**2,830**

Note 18. Pledged Assets and Warranties

PLEDGED ASSETS	THE GROUP 2023	2022	PARENT COMPANY 2023	2022
Cash and cash equivalent	2,500	2,500	-	-
Business mortgages	67,507	69,577	9,600	9,600
Group Shares	-	-	283,634	283,425
Total	**70,007**	**72,077**	**293,234**	**293,025**

Other Securities

As a result of the accession into a credit facility agreement with a third party, the company was required to secure the facility by constituting securities on the majority of its subsidiaries. All shares in Artificial Solutions Holding ASH AB, Artificial Solutions BV, Artificial Solutions Iberia SL, Artificial Solutions Germany GmbH, Artificial Solutions Inc. and Artificial Solutions Scandinavia AB, have been pledged. The company has put into voluntary liquidation Artificial Solutions Germany GmbH so security will be released after completion of the voluntary liquidation, expected on December 2024.

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 19. 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	
	2023	2022	2023	2022
Management shareholders	-	-	303	912

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

The consulting services agreement between the company and ASH&Partners AB, a company controlled by Chair of board Åsa Hedin, was terminated after the Annual General Meeting held on June 27, 2023. The cost during 2023 amounted to 303 KSEK.

Refer to Note 6 for board members remunerations.

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

	RECEIVABLES		LIABILITIES	
	2023	2022	2023	2022
Management shareholders	-	-	-	316

Note 20. Adjustments For Items Excluded from Cash Flow Statement

	THE GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Translation differences	-1,777	3,331	-	-
Tax (R&D)	-	-5,754	-	-
Group Companies Liquidation	-	-1,353	-	-
Other items	-322	2,107	-393	-
Total	**-2,099**	**-1,669**	**-393**	**-**

Note 21. Significant Events After the Period

The company completed a successful rights issue, which provided the company with approximately 25.6 MSEK before deduction of associated costs. The rights issue was oversubscribed with a subscription rate of 166%. The total number of shares outstanding after completion of the rights issue is 273,144,240.

On January 25, 2024, the company received cash payment of 4.7 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments in 2021.

STOCKHOLM, 5th of June, 2024

Per Ottosson

Managing Director

Åsa Hedin

Chair of the Board

Johan A. Gustavsson

Board Member

Lars Roth

Board Member

Mathias Björkholm

Board Member

Paul St John

Board Member

Our auditor’s report was submitted on 5th of June of 2024.

Grant Thornton Sweden AB

Carl-Johan Regell

Authorized Public Accountant

Auditor in charge

Ida Sparrfeldt

Authorized Public Accountant

Auditor’s Report



Auditor's report

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

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

Corporate identity number 556840 - 2076

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Artificial Solutions International AB for the year 2023.

The annual accounts and consolidated accounts of the company are included on pages 46 - 102 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Material Uncertainty Related to Going Concern

We would like to draw attention to the Management Report under the section "Cash flow, working capital and financial position" where it appears that the company does not have sufficient working capital to finance operations in 2024, but is in need of additional financing. Should the company not succeed in obtaining sufficient financing, this means that there is a significant uncertainty factor regarding the company's ability to continue operations.

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 – 45 and 107. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Artificial Solutions International AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Stockholm the June 5, 2024,
Grant Thornton Sweden AB

Carl-Johan Regell
Authorized Public Accountant
Auditor in-charge

Ida Sparrfeldt
Authorized Public Accountant

Definitions

Financial Measures	Description
Net Sales	Reported net sales.
Recurring Revenue	Combined amount of revenue derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
Usage Revenue	The amount of revenue derived solely from the usage of the Teneo Platform.
SaaS Recurring Revenue	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data.
SaaS ARR	Annual recurring revenues based on last quarter average SaaS Recurring Revenues (Average of quarter Recurring Revenues from SaaS x 12 months).
NRR	The percentage of recurring revenues last twelve months (deducting recurring revenues from new customers in the period and deducting revenues from lost customers), divided by recurring revenue last twelve months on the previous period, all average.
Gross Profit	Is calculated as the total net sales subtracted with the total cost of sales (for providing expert services, sales commission and total cost of staff related to Customer Success department). From Jan 1, 2023, and for comparative periods in the report, the company uses this methodology.
Gross Margin %	Total Gross Profit expressed as a per cent of total revenue in the period.
Adjusted EBITDA	Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items and restructuring costs.
Solidity	Equity as a percentage of total assets.
Average number of shares before dilution	Average number of outstanding shares during the period.
Average number of shares after dilution	Average number of shares during the period including impact from outstanding warrants.
Average number of employees	Average number of employees, calculated on a full-time equivalent employee basis.
Earnings per share before dilution	Net profit for the year divided by the number of shares at the end of the period.
Earnings per share after dilution	Net profit for the year divided by the number of shares at full dilution at the end of the period.
API	Application Programming Interface (API) that allows interaction between two applications.
API Calls	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions and calculated on last quarter average
SaaS API Calls	Specific API calls solely for SaaS customers. Volumes are disclosed in millions and calculated on last quarter average.