

ARTIFICIAL SOLUTIONS

INVITATION TO SUBSCRIBE SHARES IN

ARTIFICIAL SOLUTIONS INTERNATIONAL AB



NOTE THAT THE SUBSCRIPTION RIGHTS MAY HAVE A FINANCIAL VALUE.

To ensure that the value of the subscription rights is not lost, the holders must either:

- exercise the subscription rights received and subscribe for new shares no later than 11 February 2020; or
- sell the subscription rights received that will not be exercised for subscription of new shares no later than 7 February 2020.

Note that shareholders with nominee-registered holdings are to subscribe for new shares through the respective nominee.

DISTRIBUTION OF THIS OFFERING CIRCULAR AND SUBSCRIPTION OF NEW SHARES ARE SUBJECT TO RESTRICTIONS IN CERTAIN JURISDICTIONS, SEE "IMPORTANT INFORMATION".



In accordance with Article 12.1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the period of validity of this prospectus runs until 20 January 2021, provided that the prospectus is supplemented with the appropriate additions in accordance with Article 23 of that Regulation. The obligation to provide supplement to a prospectus in the event of new circumstances of significance, material error or material inaccuracy, expires after the expiry period of the prospectus has expired.

IMPORTANT INFORMATION

General

This offering circular (the "**Offering Circular**") has been prepared by the board of directors of Artificial Solutions International AB, company registration number 556840-2076 ("**Artificial Solutions**" or the "**Company**"), in connection with the invitation to subscribe for shares in Artificial Solutions with preferential rights for existing shareholders ("the "**Offering**" or the "**Rights Issue**"). For certain definitions of additional terms used in the Offering Circular, see section "**Definitions**" below.

A separate prospectus in Swedish (the "**Prospectus**") has been approved and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) as competent authority in accordance with Regulation (EU) 2017/1129 of the European parliament and of the Council. The Swedish Financial Supervisory Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this Offering Circular or be considered as an endorsement of the quality of the securities that are the subject of this Offering Circular. The Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Regulation (EU) 2017/1129. Investors should make their own assessment as to the suitability of investing in the securities that are the subject of the Offering Circular. The Offering Circular is governed by Swedish law. Disputes arising in connection with this Offering Circular and related legal matters shall be settled exclusively by Swedish courts. In the event of any discrepancies between this Offering Circular and the Prospectus, the Prospectus shall prevail.

Distribution of this Offering Circular and participation in the Offering is subject to restrictions under law and other regulations in certain jurisdictions. Artificial Solutions has not taken and will not take any actions to allow a public offering in any jurisdiction other than Sweden. The Offering is not made to persons resident in the United States, Canada, Japan, Australia, Hong Kong, New Zealand, Switzerland, Singapore, South Africa or any other jurisdiction where participation would require additional prospectuses, registration or other measures besides those required by Swedish law or otherwise would be in conflict with applicable regulation in such jurisdiction. Consequently, the Offering Circular, the subscription form and any other documents in respect of the Offering may not be distributed in or into the mentioned countries or any other jurisdiction where distribution or the Offering require such measures or otherwise would be in conflict with applicable regulation. Subscription of shares and any other acquisitions of securities in violation of the restrictions described above may be void. Recipients of Offering Circular are required to inform themselves about and comply with such restrictions. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations.

No subscription rights, paid subscription shares or shares issued by Artificial Solutions have been, and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), or the securities legislation of any state or other jurisdiction of the United States, and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or in a transactions not subject to, the registration requirements of the Securities Act and in compliance with securities legislation in the relevant state or any other jurisdiction of the United States.

Presentation of financial information

Other than as expressly stated herein, no financial information in the Offering Circular has been reviewed or audited by Artificial Solutions' auditor. The figures presented in the Offering Circular have in certain cases been rounded off, and therefore the tables and graphs will not always tally correctly.

Forward-looking statements

The Offering Circular contains certain forward-looking statements that reflect Artificial Solutions' present view of future events as well as financial and operational development. Words such as "intend", "will", "assess", "expect", "can", "plan", "estimate" and other expressions entailing indications or predictions of future developments or trends, not based on historical facts, constitute forward-looking statements. Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as they depend on future events and circumstances.

Forward-looking statements are not a guarantee of future results or development, and actual outcomes may differ materially from the forward-looking statements. Other factors that may result in any difference in Artificial Solutions' future results and development from those set out in the forward-looking statements include, but are not limited to, those described under section "**Risk Factors**". The forward-looking statements contained in this Offering Circular speak only as of the day of the Offering Circular. Artificial Solutions does not undertake to announce any updates or changes in the forward-looking statements as a result of new information, future events or otherwise than as required by applicable laws and regulations.

Industry and market data

Information made available in the Offering Circular on the market environment, market development, growth rate, market trends and on the competitive situation on the market and in the regions where Artificial Solutions operates, is based on data, statistical information and reports by third parties and/or prepared by Artificial Solutions based on the Company's own information and information in such third-party sources.

Industry publications and reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified, and therefore cannot give any assurances as to the accuracy of the industry and market data contained in this Offering Circular that were extracted or derived from such industry publications or reports. Industry and market data are inherently forward-looking, subject to uncertainty, open to subjective interpretation and does not necessarily reflect actual or future market conditions. Such data is based on market research, which itself is based on sampling and subjective judgments, including assessments regarding what type of products and transactions should be included in the relevant market, both by the researchers and the respondents.

The industry and market data included in this Offering Circular is provided by third parties and has been accurately reproduced. As far as Artificial Solutions is aware and is able to ascertain from information published by these third parties, no facts have been omitted which could render the reproduced information inaccurate or misleading.

Nasdaq First North Growth Market

Nasdaq First North Growth Market is an alternative market, operated by the different exchanges within Nasdaq. It does not have the legal status as an EU-regulated market. Companies listed on Nasdaq First North Growth Market are subject to the rules of Nasdaq First North Growth Market and not the legal requirements for admission to trading on a regulated market. An investment in a company listed on Nasdaq First North Growth Market involves higher risk than an investment in a company listed on a regulated market. All companies with shares admitted to trading on Nasdaq First North Growth Market have a certified adviser supervising the compliance of the rules.

Certain definitions

"**Aktieinvest**" refers to Aktieinvest FK AB.

"**Artificial Solutions**" or the "**Company**" refers to, depending on the context, Artificial Solutions International AB (company registration number 556840-2076), the group in which Artificial Solutions International AB is the parent company or a subsidiary in the group.

"**Artificial Solutions (previously Indentive AB)**" refers to, depending on the context, Artificial Solutions International AB (company registration number 556840-2076), the group in which Artificial Solutions International AB was parent company or a subsidiary in the group, prior to the Reverse Takeover. The former activities of Indentive AB were all transferred to Indentive Värdepapper AB in advance of the Reverse Takeover.

"**Artificial Solutions Holding**" refers to Artificial Solutions Holding ASH AB (company registration number 556734-1556).

"**Bot**" short for robot. The word is mostly used for computer programs that are acting relatively independent, so called software bots.

"**Conversational AI**" refers to a form of artificial intelligence that allows the human to communicate with technology in an everyday humanlike way through voice, text, touch or gestures.

"**Euroclear Sweden**" refers to Euroclear Sweden AB.

"**GDPR**" refers to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

"**Indentive Värdepapper**" refers to Indentive Värdepapper AB.

"**Nasdaq First North Growth Market**" refers to the alternative trading platform operated by Nasdaq Stockholm AB.

"**NLISIP**" refers to N.L.I.S.I.P Limited.

"**Pareto Securities**" refers to Pareto Securities AB.

"**The Group**" refers to the group in which Artificial Solutions International AB is the parent company.

"**SEK**", "**EUR**" and "**USD**" refers to Swedish kronor, euros and US dollars.

"**The Offering Circular**" refers to this Offering Circular.

"**The Principal Owner or Scope**" refers to Scope Growth II L.P. and Scope Growth III L.P.

"**The Prospectus**" refers to the separate prospectus in Swedish for the Offering.

"**The Reverse Takeover**" the agreement concluded on 28 January 2019 between Artificial Solutions (company registration number 556840-2076), the Principal Owner and most of the other shareholders in Artificial Solutions Holding regarding Artificial Solutions' acquisition of all shares and warrants in Artificial Solutions Holding by an issue in kind, which was approved by the annual general meeting of Artificial Solutions on 28 February 2019.

CONTENT

| | | | |
|---|-----------|--|-------------|
| Documents incorporated by reference | 2 | Corporate governance | 47 |
| Summary | 3 | Financial information and key performance indicators | 54 |
| Persons responsible, third party information and competent authority approval | 9 | Information on shareholders and legal information | 73 |
| Business and market overview | 13 | Documents available | 78 |
| Working capital statement | 30 | Historical financial information | F-1 |
| Risk factors | 31 | 2017 Annual report of Artificial Solutions Holding | F-2 |
| Terms and conditions of the securities | 40 | 2018 Annual report of aArtificial Solutions Holding | F-25 |
| Details of the Offer | 42 | | |

DOCUMENTS INCORPORATED BY REFERENCE

The following parts of the financial reports stated below are incorporated by reference and form a part of the Offering Circular and are to be read as part thereof. The parts of each financial report that are not incorporated by reference are deemed not relevant to an investor or contain information presented elsewhere in the Offering Circular.

- Artificial Solutions' (previously Indentive AB) annual report 2017:¹⁾ income statement (p. 14), balance sheet (p. 16–17), cash flow statement (p. 21), notes (p. 23–40) and audit report (p. 42–44).
- Artificial Solutions' (previously Indentive AB) annual report 2018:²⁾ the Group's income statement (p. 18), the Group's balance sheet (p. 19–20), the Group's cash flow statement (p. 22) and notes (p. 29–53).
- Artificial Solutions' (previously Indentive AB) audit report for the financial year 2018:³⁾
- Artificial Solutions' interim report for the period 1 January–30 September 2019:⁴⁾ auditor's opinion (p. 12), the Group's income statement (p. 13), the Group's balance sheet (p. 14) and the Group's cash flow statement (p. 15).

The parts of the documents incorporated by reference, as above, regarding Artificial Solutions (previously Indentive AB) refers to the historical financial information of the issuer prior to the Reverse Takeover and thus does not represent a true and fair view of the Company's operations. Therefore, the historical financial information presented in section "*Financial information and key performance indicators*" for 2017 and 2018 respectively refers to Artificial Solutions Holding. See section "*Business and market overview – Business overview – In particular about the Reverse Takeover*" for further information.

1) <https://indentive.se/wp-content/uploads/2018/03/%C3%85rsredovisning-och-revisionsber%C3%A4ttelse-f%C3%B6r-2017.pdf>.

2) https://indentive.se/wp-content/uploads/2019/02/Arsredovisning_2018.pdf.

3) https://indentive.se/wp-content/uploads/2019/02/Revisionsberattelse_2018.pdf.

4) <https://www.artificial-solutions.com/wp-content/uploads/AS-Q3-2019-Swedish-FINAL-4.pdf>.

SUMMARY

SECTION 1 – INTRODUCTION

| | | |
|-----|--|---|
| 1.1 | <i>Name and ISIN of the securities</i> | The Offering consist of common shares in Artificial Solutions International AB with ISIN code SE0012323756. |
| 1.2 | <i>Name and contact details of the issuer</i> | The issuer is Artificial Solutions International AB, company registration number 556840-2076. The Company's office address is Stureplan 15, 111 45 Stockholm, Sweden with telephone number +46 (0)8-663 54 50. The Company's identification code (LEI) is 98450060010AABBAA974. |
| 1.3 | <i>Name and contact details of the competent authority which has approved the Prospectus</i> | The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority (Sw. <i>Finansinspektionen</i>), which is the competent authority. Finansinspektionen's postal address is Box 7821, 103 97 Stockholm, Sweden and its website is www.fi.se. The Swedish Financial Supervisory Authority can also be contacted by telephone +46 (0)8 408 980 00. |
| 1.4 | <i>Date of approval</i> | The Swedish Financial Supervisory Authority approved the Prospectus on 20 January 2020. |
| 1.5 | <i>Warning</i> | This summary should be read as an introduction to the EU Growth prospectus. Any decision to invest in the securities should be based on a consideration of the EU Growth prospectus as a whole by the investor. The investor could lose all or part of the invested capital. If a claim relating to the information contained in an EU Growth prospectus is brought before a court, the plaintiff investor may, under the national law of the Member States, have to bear the costs of translating the EU Growth prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the EU Growth prospectus, or where it does not provide, when read together with the other parts of the EU Growth prospectus, key information in order to aid investors when considering whether to invest in such securities. |

SECTION 2 – KEY INFORMATION ON THE ISSUER

| 2.1 | <i>Information on the issuer</i> | <p>Artificial Solutions International AB is a Swedish public limited company whose operations are conducted in accordance with Swedish law. The registered office of the board of directors of the Company is in Stockholm municipality. The Company's operations are conducted in accordance with the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i>). The Company's CEO is Lawrence Flynn.</p> <p>Artificial Solutions is a specialist in enterprise-strength Conversational AI, a form of AI that allows people to communicate with applications, websites and devices in everyday, humanlike natural language via voice, text, touch or gesture input.</p> <p>The Company's platform Teneo® is a multi-award-winning technology that focuses on enterprise features within Conversational AI. Designed for the global enterprise, Teneo allows business users and developers to collaborate to swiftly create sophisticated, highly intelligent conversational applications that can run across more than 35 languages, multiple platforms and channels. Further, the ability to analyse and make use of the enormous quantities of conversational data that is fully integrated within Teneo, delivers insight that reveal what customers truly think.</p> <p>Conversational systems built using Teneo cover a wide variety of use-cases, ranging from intelligent customer service chatbots that improve customer experience, facilitating online sales using humanlike virtual sales assistants to automating fast food ordering through voice-enabled digital employees. The conversational systems also include new possibilities for the gaming industry via intelligent voice interfaces, such as automated conversation and improved development of characters and interaction through humanlike voice interfaces. Additionally, Teneo is increasingly being deployed in virtual reality (VR) and augmented reality (AR) scenarios where an artificially intelligent conversational component delivers a more immersive experience.</p> <p>The Company delivers solutions to clients across multiple verticals, focusing particularly on blue-chip clients; customers include Shell, AT&T, TIAA, VW, Scania, Kindred, Medtronic, Vodafone, Folksam, Circle K, Swisscom and more.</p> <p>The Company's principal owner as of 31 December 2019 is Scope Growth II L.P. and Scope Growth III L.P. who together owns 10,833,878 shares in Artificial Solutions corresponding to approximately 43.84 per cent of the total number of shares and votes in the Company. The Company is not directly or indirectly controlled by any individual party.</p> <p>The table below sets forth all shareholders with holdings exceeding five per cent of the shares in the Company or five per cent of the votes for all shares as of 31 December 2019, including known changes thereafter. The Company is not directly or indirectly controlled by any individual party.</p> <table border="1"> <thead> <tr> <th>Shareholders/custodian</th> <th>Number of shares/votes</th> <th>Share, %</th> </tr> </thead> <tbody> <tr> <td>Scope Growth III L.P.</td> <td>6,269,833</td> <td>25.4</td> </tr> <tr> <td>Scope Growth II L.P.</td> <td>4,564,045</td> <td>18.5</td> </tr> <tr> <td>UBS SWITZERLAND AG, W8IMY</td> <td>2,525,627</td> <td>10.2</td> </tr> <tr> <td>AFA Försäkring</td> <td>1,460,000</td> <td>5.9</td> </tr> <tr> <td>SIX SIS AG, W8IMY</td> <td>1,268,418</td> <td>5.1</td> </tr> </tbody> </table> | Shareholders/custodian | Number of shares/votes | Share, % | Scope Growth III L.P. | 6,269,833 | 25.4 | Scope Growth II L.P. | 4,564,045 | 18.5 | UBS SWITZERLAND AG, W8IMY | 2,525,627 | 10.2 | AFA Försäkring | 1,460,000 | 5.9 | SIX SIS AG, W8IMY | 1,268,418 | 5.1 |
|---------------------------|----------------------------------|--|------------------------|------------------------|----------|-----------------------|-----------|------|----------------------|-----------|------|---------------------------|-----------|------|----------------|-----------|-----|-------------------|-----------|-----|
| Shareholders/custodian | Number of shares/votes | Share, % | | | | | | | | | | | | | | | | | | |
| Scope Growth III L.P. | 6,269,833 | 25.4 | | | | | | | | | | | | | | | | | | |
| Scope Growth II L.P. | 4,564,045 | 18.5 | | | | | | | | | | | | | | | | | | |
| UBS SWITZERLAND AG, W8IMY | 2,525,627 | 10.2 | | | | | | | | | | | | | | | | | | |
| AFA Försäkring | 1,460,000 | 5.9 | | | | | | | | | | | | | | | | | | |
| SIX SIS AG, W8IMY | 1,268,418 | 5.1 | | | | | | | | | | | | | | | | | | |

| 2.2 | <p>Key financial information on the issuer, cont.</p> | <p>This section presents certain financial information regarding the Group for the financial years 2017 and 2018, which have been obtained from Artificial Solutions Holding's audited consolidated financial statements, and for the period 1 January–30 September 2019 together with comparative financial information for the corresponding period 2018, which have been obtained from Artificial Solutions' generally reviewed interim report for the period 1 January–30 September 2019. The financial information regarding Artificial Solutions Holding is presented by reason of Artificial Solutions having a so-called complex financial history according to Article 18 in the Commission Delegated Regulation (EU) 2019/980. The complex financial history means that the financial information regarding the financial years 2017 and 2018 for Artificial Solutions (previously Indentive AB) is misleading for the Group and is therefore not presented below.</p> <p>The consolidated financial statements and the interim report have been prepared in accordance with the Annual Report Act (Sw. <i>årsredovisningslagen (1995:1554)</i>) and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Accounts (K3) ("BFNAR").</p> <p>The reporting currency for Artificial Solutions is SEK. Prior to the Reverse Takeover, the reporting currency of Artificial Solutions Holding was EUR. In order to enable comparisons with previous years, the financial information presented below regarding the financial years 2017 and 2018 has been converted to SEK. The conversion has been carried out based on the European Central Bank's published exchange rates. The income statement for 2017 and 2018 have been recalculated based on the monthly average interest rate for each year, and the balance sheet and cash flow analysis for 2017 and 2018 have been recalculated based on the closing rate on the last December for each year (EUR/SEK 9.843779 and 10.254800, respectively).</p> <p>Immediately following the Reverse Takeover, Artificial Solutions (previously Indentive AB) distributed its subsidiary Indentive Värdepapper as a non-cash dividend to its shareholders. In order to provide comparatives on a like for like basis for the prior year, the Group's comparative financial information includes the former holding company Artificial Solutions Holding and does not include any of the Indentive AB operations.</p> <p>The Group's consolidated condensed income statements</p> <table border="1"> <thead> <tr> <th rowspan="2">(SEK million)</th> <th colspan="2">1 January–30 September</th> </tr> <tr> <th>2019 (generally reviewed)</th> <th>2018 (generally reviewed)</th> </tr> </thead> <tbody> <tr> <td>Total operating income</td> <td>45.6</td> <td>41.6</td> </tr> <tr> <td>Operating loss</td> <td>-119.8</td> <td>-84.8</td> </tr> <tr> <td>Net result for the period</td> <td>-144.5</td> <td>-85.1</td> </tr> </tbody> </table> <p>The Group's consolidated condensed balance sheets</p> <table border="1"> <thead> <tr> <th rowspan="2">(SEK million)</th> <th colspan="2">1 January–30 September</th> </tr> <tr> <th>2019 (generally reviewed)</th> <th>2018 (generally reviewed)</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>87.0</td> <td>122.2</td> </tr> <tr> <td>Total equity</td> <td>-153.4</td> <td>-26.3</td> </tr> </tbody> </table> <p>The Group's consolidated condensed statements of cash flows</p> <table border="1"> <thead> <tr> <th rowspan="2">(SEK million)</th> <th colspan="2">1 January–30 September</th> </tr> <tr> <th>2019 (generally reviewed)</th> <th>2018 (generally reviewed)</th> </tr> </thead> <tbody> <tr> <td>Cash flow from operating activities</td> <td>-112.2</td> <td>-71.6</td> </tr> <tr> <td>Cash flow from investing activities</td> <td>-8.1</td> <td>-8.5</td> </tr> <tr> <td>Cash flow from financing activities</td> <td>89.1</td> <td>146.8</td> </tr> <tr> <td>Net change in cash and cash equivalents</td> <td>-31.2</td> <td>66.6</td> </tr> </tbody> </table> <p>Artificial Solutions Holding's consolidated condensed income statements</p> <table border="1"> <thead> <tr> <th rowspan="2">(SEK million)</th> <th colspan="2">Full year</th> </tr> <tr> <th>2018 (audited)</th> <th>2017 (audited)</th> </tr> </thead> <tbody> <tr> <td>Total operating income</td> <td>62.4</td> <td>68.5</td> </tr> <tr> <td>Operating income (loss)</td> <td>-118.8</td> <td>-90.5</td> </tr> <tr> <td>Net result for the period</td> <td>-146.1</td> <td>-105.0</td> </tr> </tbody> </table> <p>Artificial Solutions Holding's consolidated condensed balance sheets</p> <table border="1"> <thead> <tr> <th rowspan="2">(SEK million)</th> <th colspan="2">Full year</th> </tr> <tr> <th>2018 (audited)</th> <th>2017 (audited)</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>106.5</td> <td>64.5</td> </tr> <tr> <td>Total equity</td> <td>-86.4</td> <td>-74.1</td> </tr> </tbody> </table> | (SEK million) | 1 January–30 September | | 2019 (generally reviewed) | 2018 (generally reviewed) | Total operating income | 45.6 | 41.6 | Operating loss | -119.8 | -84.8 | Net result for the period | -144.5 | -85.1 | (SEK million) | 1 January–30 September | | 2019 (generally reviewed) | 2018 (generally reviewed) | Total assets | 87.0 | 122.2 | Total equity | -153.4 | -26.3 | (SEK million) | 1 January–30 September | | 2019 (generally reviewed) | 2018 (generally reviewed) | Cash flow from operating activities | -112.2 | -71.6 | Cash flow from investing activities | -8.1 | -8.5 | Cash flow from financing activities | 89.1 | 146.8 | Net change in cash and cash equivalents | -31.2 | 66.6 | (SEK million) | Full year | | 2018 (audited) | 2017 (audited) | Total operating income | 62.4 | 68.5 | Operating income (loss) | -118.8 | -90.5 | Net result for the period | -146.1 | -105.0 | (SEK million) | Full year | | 2018 (audited) | 2017 (audited) | Total assets | 106.5 | 64.5 | Total equity | -86.4 | -74.1 |
|---|--|--|---------------|------------------------|--|------------------------------|------------------------------|------------------------|------|------|----------------|--------|-------|---------------------------|--------|-------|---------------|------------------------|--|------------------------------|------------------------------|--------------|------|-------|--------------|--------|-------|---------------|------------------------|--|------------------------------|------------------------------|-------------------------------------|--------|-------|-------------------------------------|------|------|-------------------------------------|------|-------|---|-------|------|---------------|-----------|--|-------------------|-------------------|------------------------|------|------|-------------------------|--------|-------|---------------------------|--------|--------|---------------|-----------|--|-------------------|-------------------|--------------|-------|------|--------------|-------|-------|
| (SEK million) | 1 January–30 September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2019 (generally reviewed) | 2018 (generally reviewed) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total operating income | 45.6 | 41.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating loss | -119.8 | -84.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net result for the period | -144.5 | -85.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | 1 January–30 September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2019 (generally reviewed) | 2018 (generally reviewed) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 87.0 | 122.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity | -153.4 | -26.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | 1 January–30 September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2019 (generally reviewed) | 2018 (generally reviewed) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash flow from operating activities | -112.2 | -71.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash flow from investing activities | -8.1 | -8.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash flow from financing activities | 89.1 | 146.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net change in cash and cash equivalents | -31.2 | 66.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | Full year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2018 (audited) | 2017 (audited) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total operating income | 62.4 | 68.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating income (loss) | -118.8 | -90.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net result for the period | -146.1 | -105.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | Full year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2018 (audited) | 2017 (audited) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 106.5 | 64.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity | -86.4 | -74.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|-----|--|---|--------------------------------------|--------------------------------------|
| 2.2 | Key financial information on the issuer, cont. | Artificial Solutions Holding's consolidated condensed statements of cash flows | | |
| | | Full year | | |
| | | (SEK million) | 2018 (audited) | 2017 (audited) |
| | | Cash flow from operating activities | -122.0 | -60.4 |
| | | Cash flow from investing activities | -13.1 | -9.3 |
| | | Cash flow from financing activities | 176.8 | 66.6 |
| | | Net change in cash and cash equivalents | 41.8 | -3.1 |
| | | The Group's key performance indicators | | |
| | | 1 January–30 September | | |
| | | (SEK million) | 2019 (generally reviewed) | 2018 (generally reviewed) |
| | | Order Intake | 45.7 | 31.5 |
| | | Order Backlog | 46.9 | 23.3 |
| | | Usage Revenue | 7.2 | 4.1 |
| | | Usage Revenue as % Total Revenue | 19 % | 12 % |
| | | Gross Margin % Revenue | 58 % | 51 % |
| | | Partner % of Order Intake | 40 % | 27 % |
| | | Partner % of Revenue | 42 % | 29 % |
| | | Net Sales | 38.1 | 33.4 |
| | | EBITDA | -88.6 | -64.9 |
| | | Adjusted EBITDA | -82.2 | -64.9 |
| | | Costs related to research and development | -19.3 | -18.0 |
| | | Equity ratio (%) | -176 % | -22 % |
| | | Artificial Solutions Holding's key performance indicators | | |
| | | Full year | | |
| | | (SEK million) | 2018 (audited) | 2017 (audited) |
| | | Order Intake | 55.4 | 54.5 |
| | | Order Backlog | 35.2 | 23.5 |
| | | Usage Revenue | 5.3 | 6.5 |
| | | Usage Revenue as % Total Revenue | 12 % | 13 % |
| | | Gross Margin % Revenue | 45 % | 52 % |
| | | Partner % of Order Intake | 50 % | 27 % |
| | | Partner % of Revenue | 32 % | 18 % |
| | | Net Sales | 44.9 | 47.9 |
| | | EBITDA | -100.3 | -77.1 |
| | | Costs related to research and development | -23.8 | -21.9 |
| | | Equity ratio (%) | -81 % | -115 % |
| | | Proforma financial information | | |
| | | On 28 January 2019, Artificial Solutions (previously Indentive AB) entered into an agreement to acquire all shares and warrants in Artificial Solutions Holding, through an issue in kind. On 28 January 2019, the board of directors of Artificial Solutions (previously Indentive AB) also decided to utilize previous authorization and carry out a directed share issue totalling SEK 0.96 million. | | |
| | | On 28 February 2019, the annual general meeting was held in Artificial Solutions (previously Indentive AB), whereby the following decisions was made: | | |
| | | 1. Distribution of shares in the subsidiary Indentive Värdepapper, including its subsidiaries, to the existing shareholders of Artificial Solutions (previously Indentive AB). | | |
| | | 2. Amendment of the articles of association to enable the acquisition of Artificial Solutions Holding. | | |
| | | 3. Acquisition of all shares in Artificial Solutions Holding through issue in kind and reduction of the Company's share capital. | | |
| | | 4. Amendment of the articles of association and merger of shares. | | |

| 2.2 | Key financial information on the issuer, cont. | <p>The pro forma financial information has an illustrative purpose and is intended to present the hypothetical impact that the directed share issue, the distribution of shares in Indentive Värdepapper and the acquisition of Artificial Solutions Holding would have had on the Company's consolidated income statements for the full year 2018 and on the consolidated balance sheet as of 31 December 2018, if the transactions had been completed on 1 January 2018, and on consolidated income statements for the period 1 January–30 September 2019, if the transactions had been completed on 1 January 2019.</p> <p>The pro forma financial information is, by the nature, intended to describe a hypothetical situation and thus do not serve to describe Artificial Solutions' actual financial position and results, and should be read together with other information in this Offering Circular.</p> <p>Pro forma adjustments</p> <p>The pro forma adjustments are described in detail below and in the notes to the pro forma financial information. The adjustments reported in the pro forma financial information are deemed to be permanent unless otherwise stated.</p> <p>Directed share issue</p> <p>The directed share issue was carried out through set-off of debt to a supplier of SEK 0.96 million which, in accordance with the board of directors resolution (after a previous authorization), was converted into shares, of which share capital (SEK 0.13 million) and share premium fund (SEK 0.83 million).</p> <p>Dividend of the Indentive Värdepapper Group</p> <p>At the annual general meeting held on 28 February 2019, it was resolved to conduct a dividend in kind of the Indentive Värdepapper Group. This transaction has been reported based on the audited consolidated financial statements as of 31 December 2018 and means that all balance sheet and income statement items have been adjusted in line with the financial reports, line by line.</p> <p>Acquisition of Artificial Solutions Holding</p> <p>The effects of the acquisition of Artificial Solutions Holding are calculated on the basis of the acquisition analysis that has been prepared and which forms the basis for the consolidated financial statements that will be prepared on 28 February 2019. In the accounting of the Reverse Takeover, Artificial Solutions (previously Indentive AB) is seen as the acquired entity. The purchase price totalled SEK 25.8 million, of which acquired equity totalled SEK 3.7 million. The excess value of SEK 22.1 million, resulting from the acquisition, has been treated as an expense for the listing and is reported in the income statement as other external cost. Otherwise there are no other group excess value or default value to consider.</p> <p>There have been no adjustments for synergies or integration costs in the pro forma financial information.</p> <p>The adjustments in the pro forma do not give rise to any tax effects since none of the companies are currently in a tax position in any of their jurisdictions.</p> <p>The Group's pro forma income statement for the financial year 2018</p> <table border="1" data-bbox="475 1205 1428 1377"> <thead> <tr> <th>(SEK million)</th> <th>Indentive (audited)</th> <th>Distribution of Indentive Värdepapper Group</th> <th>Artificial Solutions¹⁾</th> <th>Acquisition elimination²⁾</th> <th>Pro forma</th> </tr> </thead> <tbody> <tr> <td>Total operating income</td> <td>21</td> <td>-21</td> <td>62</td> <td>0</td> <td>62</td> </tr> <tr> <td>Operating result</td> <td>-27</td> <td>25</td> <td>-119</td> <td>-22</td> <td>-143</td> </tr> <tr> <td>Result for the period</td> <td>-28</td> <td>26</td> <td>-146</td> <td>-22</td> <td>-170</td> </tr> </tbody> </table> <p>1) The item other external costs include SEK 8,365 thousand relating to transaction costs for the listing. 2) The excess value according to an acquired acquisition analysis is reported as the cost of the listing.</p> <p>The Group's pro forma income statement for the period 1 January–30 September 2019</p> <table border="1" data-bbox="475 1480 1428 1653"> <thead> <tr> <th>(SEK million)</th> <th>Indentive (audited)</th> <th>Distribution of Indentive Värdepapper Group</th> <th>Artificial Solutions¹⁾</th> <th>Acquisition elimination²⁾</th> <th>Pro forma</th> </tr> </thead> <tbody> <tr> <td>Total operating income</td> <td></td> <td></td> <td>46</td> <td></td> <td>46</td> </tr> <tr> <td>Operating result</td> <td></td> <td></td> <td>-120</td> <td>22</td> <td>-98</td> </tr> <tr> <td>Result for the period</td> <td></td> <td></td> <td>-145</td> <td>22</td> <td>-122</td> </tr> </tbody> </table> <p>1) The item other external costs include SEK 8,365 thousand relating to transaction costs for the listing. 2) The excess value according to an acquired acquisition analysis is reported as the cost of the listing.</p> <p>The Group's pro forma balance sheet as of 31 December 2018</p> <table border="1" data-bbox="475 1756 1428 1906"> <thead> <tr> <th>(SEK million)</th> <th>Indentive (audited)</th> <th>Issue in kind Indentive AB¹⁾</th> <th>Distribution of Indentive Värdepapper Group²⁾</th> <th>Artificial Solutions (audited)</th> <th>Issue in kind³⁾</th> <th>Acquisition elimination</th> <th>Reduction of share capital⁴⁾</th> <th>Proforma</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>44</td> <td>0</td> <td>-36</td> <td>107</td> <td>1,122</td> <td>-1,122</td> <td>0</td> <td>115</td> </tr> <tr> <td>Total equity</td> <td>19</td> <td>1</td> <td>-16</td> <td>-87</td> <td>26</td> <td>-26</td> <td>0</td> <td>-83</td> </tr> </tbody> </table> <p>1) 640,000 shares of SEK 1.50. 2) Group values of the assets, liabilities and equity distributed. 3) 645,392,020 shares of SEK 1.238. Quota value per share is SEK 0.2. 4) Reduction of share capital without withdrawal of number of shares, amount as resolved by the annual general meeting on 28 February 2019.</p> | (SEK million) | Indentive (audited) | Distribution of Indentive Värdepapper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma | Total operating income | 21 | -21 | 62 | 0 | 62 | Operating result | -27 | 25 | -119 | -22 | -143 | Result for the period | -28 | 26 | -146 | -22 | -170 | (SEK million) | Indentive (audited) | Distribution of Indentive Värdepapper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma | Total operating income | | | 46 | | 46 | Operating result | | | -120 | 22 | -98 | Result for the period | | | -145 | 22 | -122 | (SEK million) | Indentive (audited) | Issue in kind Indentive AB ¹⁾ | Distribution of Indentive Värdepapper Group ²⁾ | Artificial Solutions (audited) | Issue in kind ³⁾ | Acquisition elimination | Reduction of share capital ⁴⁾ | Proforma | Total assets | 44 | 0 | -36 | 107 | 1,122 | -1,122 | 0 | 115 | Total equity | 19 | 1 | -16 | -87 | 26 | -26 | 0 | -83 |
|------------------------|--|--|---|---------------------------------------|---|------------------------------------|--|-----------|------------------------|----|-----|----|---|----|------------------|-----|----|------|-----|------|-----------------------|-----|----|------|-----|------|---------------|---------------------|---|------------------------------------|---------------------------------------|-----------|------------------------|--|--|----|--|----|------------------|--|--|------|----|-----|-----------------------|--|--|------|----|------|---------------|---------------------|--|---|--------------------------------|-----------------------------|-------------------------|--|----------|--------------|----|---|-----|-----|-------|--------|---|-----|--------------|----|---|-----|-----|----|-----|---|-----|
| (SEK million) | Indentive (audited) | Distribution of Indentive Värdepapper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total operating income | 21 | -21 | 62 | 0 | 62 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating result | -27 | 25 | -119 | -22 | -143 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Result for the period | -28 | 26 | -146 | -22 | -170 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | Indentive (audited) | Distribution of Indentive Värdepapper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total operating income | | | 46 | | 46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating result | | | -120 | 22 | -98 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Result for the period | | | -145 | 22 | -122 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (SEK million) | Indentive (audited) | Issue in kind Indentive AB ¹⁾ | Distribution of Indentive Värdepapper Group ²⁾ | Artificial Solutions (audited) | Issue in kind ³⁾ | Acquisition elimination | Reduction of share capital ⁴⁾ | Proforma | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 44 | 0 | -36 | 107 | 1,122 | -1,122 | 0 | 115 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity | 19 | 1 | -16 | -87 | 26 | -26 | 0 | -83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 2.2 | <i>Key financial information on the issuer, cont.</i> | <p>Audit reports</p> <p>The audit report regarding Artificial Solutions' (previously Indentive AB) annual report for the financial year of 2018 deviates from the standard wording. The auditor has noted that, in accordance with the description in the directors' report, there is a substantial uncertainty about the possibility of continued operations. The auditor further noted that at the time of the audit report, the Company has not received any binding promises of capital contribution or other forms of financing.</p> <p>The generally reviewed report regarding Artificial Solutions' interim report for the period 1 January–30 September 2019 deviates from the standard wording. The auditor noted that, taking into account the Company's liquidity forecast and conditions for future refinancing opportunities, it is the auditor's assessment that there is a substantial uncertainty about the possibility of continued operations. The auditor's assessment is based on the fact that they cannot safely determine whether the refinancing will be successful or not.</p> |
| 2.3 | <i>Key risks specific to the issuer</i> | <p>The main risks related to Artificial Solutions and its operations consist of:</p> <ul style="list-style-type: none"> – risks related to Artificial Solutions' ability to recruit and retain key personnel, – risks related to that Artificial Solutions has experienced rapid growth in recent periods and may be unable to continue to manage its growth effectively or execute its business plan, – risks related to that Artificial Solutions' business depends on its ability to continue to develop the Company's technology in a timely manner, – risks related to that customers of Artificial Solutions may be slow to implement new technology, – risks related to that Artificial Solutions operates in a competitive and rapidly changing market, – Artificial Solutions may not be able to obtain additional financing or fulfill its obligations under current financing arrangements, – risks related to that Artificial Solutions is dependent on protecting its intellectual property rights and may be subject to third-party claims regarding violations of intellectual property rights, – risks related to tax-related risks, – risks related to that Artificial Solutions' business is subject to regulations and regulatory supervision, and – risks related to that Artificial Solutions may be liable to pay fines or damages for improper handling of personal data. |

SECTION 3 – KEY INFORMATION ON THE SECURITIES

| | | |
|-----|---|--|
| 3.1 | <i>Information on the securities, rights associated with the securities and dividend policy</i> | <p>The Offering consist of common shares in Artificial Solutions with ISIN code SE0012323756. The shares in Artificial Solutions have been issued in accordance with Swedish law and is of the same class. Each share in the Company entitles the holder to one vote at general meetings, and each shareholder is entitled to vote for the total number of shares which the shareholder holds in the Company. If Artificial Solutions issues new shares, warrants or convertibles in a cash issue or a set-off issue, the shareholders have as a general rule pre-emption rights to subscribe in proportion to the number of shares held prior to the issue. All shares carry equal rights to dividend and any surplus upon liquidation.</p> <p>As of the day of the Offering Circular, Artificial Solutions' share capital amounted to SEK 44,479,197.76 distributed on 24,710,665 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.80. All shares have been fully paid and are freely transferable.</p> <p>Artificial Solutions has a long-term ambition to pay dividends to the shareholders. Artificial Solutions will prioritize growth over the next few years and generated profits will be set aside for business development. Therefore, no dividend distribution is planned in the near future. Dividend distribution can be considered when the Company's earnings and financial position permits.</p> |
| 3.2 | <i>Marketplace for trading in the securities</i> | <p>The shares in Artificial Solutions are admitted to trading on Nasdaq First North Growth Market, which is an alternative market for small and medium-sized enterprises, regulated by a distinct regulatory framework and does not have the same status as a regulated market.</p> <p>The new shares issued in the Offer will be listed on Nasdaq First North Growth Market in connection with the registration of the Rights Issue by the Swedish Companies Registration Office (Sw. <i>Bolagsverket</i>).</p> |
| 3.3 | <i>Guarantees attached to the securities</i> | Not applicable. The securities are not subject to guarantees. |
| 3.4 | <i>Key risks specific to the securities</i> | <p>The main risks related to the Rights Issue and Artificial Solutions' shares consists of:</p> <ul style="list-style-type: none"> – risks related to that the share price may be volatile or decrease and that the liquidity of Artificial Solutions' shares may be limited, – risks related to that major shareholders will exercise significant influence over Artificial Solutions' business and have the opportunity to influence issues that require shareholders' approval, – risks related to that future dividends from Artificial Solutions depends on many different factors and may be omitted or vary, – risks related to that future sales of large shareholdings may cause the share price to fall, and – risks related to that trading in subscription rights and paid subscribed shares (BTA) may be limited. |

SECTION 4 – KEY INFORMATION ON THE OFFERING OF SECURITIES TO THE PUBLIC

| | | |
|-----|---|---|
| 4.1 | <i>Conditions and timetable for investments in the securities</i> | <p>Artificial Solutions' board of directors resolved on 12 December 2019, subject to approval of general meeting, to conduct a share issue with preferential right for existing shareholders. The board of directors' resolution regarding the Rights Issue was approved at an extraordinary general meeting held on 8 January 2020.</p> <p>Record date: Those who on the record date 22 January 2020 are registered as shareholders in the shareholder register maintained by Euroclear on behalf of Artificial Solutions, have preferential right to subscribe for new shares in the Rights Issue in relation to the number of shares held on the record date. Last day of trading in the shares inclusive of the right to participate in the Rights Issue is 20 January 2020. The shares will be traded exclusive of the right to participate in the Rights Issue from and including 21 January 2020.</p> <p>Preferential rights: Each existing share in Artificial Solutions entitles to one (1) subscription right. Four (4) subscription right entitle to subscription of three (3) new shares.</p> <p>Subscription period: 24 January–11 February 2020.</p> <p>Subscription price: SEK 6.50 per share. Commission is not charged.</p> <p>Subscription commitments: Artificial Solutions has obtained subscription commitments and declarations of intent amounting to approximately SEK 77 million, corresponding to a total of 63.7 per cent of the Rights Issue.</p> <p>Allotment: If not all shares in the Rights Issue are subscribed for by exercise of subscription rights, the Company's board of directors shall resolve on allotment of shares subscribed for without the exercise of subscription rights. In the case of oversubscription, firstly allotment shall be made to those who subscribed for shares by exercising subscription rights (whether they were shareholders on the record date or not), pro rata in relation to the number of new shares subscribed for by exercising subscription rights. Secondly, if all shares haven't been allotted in accordance with above, allotment shall be made to persons who applied to subscribe for shares without subscription rights, pro rata in relation to their stated interest, and to the extent this cannot be made, by drawing of lots.</p> <p>Dilution: The Rights Issue will, provided it is fully subscribed, result in an increase in the number of shares in the Company from 24,710,665 to 43,243,663, corresponding to an increase of approximately 75.0 per cent. The Over-allotment Option will, provided it is fully subscribed, result in an additional increase in the number of shares in the Company from 43,243,663 to 47,859,163, corresponding to an additional increase of approximately 10.7 per cent. Shareholders who do decline to subscribe for shares in the Rights Issue will experience a dilution effect corresponding to a maximum of approximately 48.4 per cent of the number of shares and votes.</p> <p>Costs: Issue costs related to the Rights Issue are estimated at approximately SEK 7 million.</p> |
| 4.2 | <i>Motives for the Offering and use of proceeds</i> | <p>Even though the Company has exhibited strong growth and improved the margin, total costs are still higher than the revenue and an equity increase is therefore necessary for the Company to reach positive cash flow from operations and to finance the development of the business internally. In order to provide the Company with the necessary financial resources to follow through with the existing business plan and meet the increasing demand from the Company's customers, it was decided on an extraordinary general meeting held on January 8, 2020 that the Company will carry out the Rights Issue and Over-allotment Option. Under the assumption that the Rights Issue is fully subscribed, the Company will receive approximately SEK 120 million before transaction costs. Artificial Solutions' principal owner Scope Growth II L.P. and Scope Growth III L.P., as well as a number of other shareholders, including SEB-stiftelsen and Vencom Group Holding BV, which together own approximately 54.84 per cent of the outstanding shares, have through subscription commitments, committed to subscribe for shares to a value of approximately SEK 52 million in the Rights Issue. In addition, some of the Company's board members and several of the Company's larger shareholders, including AFA Försäkring, Tiberon AB, C-WorldWide Asset Management, have declared intentions to subscribe for their respective pro-rata shares. Of the total Rights Issue, about SEK 77 million is covered by subscription commitments and declarations of intent from existing shareholders, corresponding to approximately 63.7 per cent of the Rights Issue. If the Over-allotment Option is exercised in full, the Company will receive additional financing of approximately SEK 30 million before transaction costs.</p> <p>Given the Company's current business plan, the Company will distribute the expected net proceeds of approximately SEK 85 million, after the conversion of approximately SEK 28 million loans into shares and approximately SEK 7 million in transaction costs, in accordance with the following priority order:</p> <ul style="list-style-type: none"> • Repayment of short-term and bridging loans, approximately SEK 36 million, • Continue to market the Teneo solutions in accordance with the Company's existing business plans, to continue to promote the Teneo platform to new and existing customers and partners, approximately approximately SEK 29 million, • Continue to add functionality to the Teneo platform in order to stay ahead of the market, approximately SEK 12 million, • Add new languages to the Teneo platform in order to give access to new markets and new partners. The Company will also continue to ensure that the existing languages remain current, approximately SEK 3 million, • Support the day to day working capital requirements of the business as it exists in accordance with delivering against the fiscal targets and the current business plan, approximately SEK 5 million, and • Any additional net proceeds of up to approximately SEK 28.5 million from the Over-allotment Option will be invested in further development of the sales and marketing organization in order to support the accelerated growth in revenues from the Teneo platform. <p>It is Artificial Solutions' assessment that the present working capital, before completed Rights Issue, is not sufficient for the Company's needs during the next twelve months as from the date of this Offering Circular. It is, however, the board of directors' view that if the Rights Issue is fully subscribed, which would generate gross proceeds of approximately SEK 120 million, the capital raised will be sufficient to finance the Company until it becomes cashflow positive from the operative business, assuming the Company's current business plan. If the Rights Issue, despite the communicated subscription commitments, cannot be successfully completed or is inadequately subscribed for, the Company will seek alternative financing solutions in order to fulfil its business plan, or reprioritize or delay certain investments as well as reduce expansion initiatives.</p> |

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION AND COMPETENT AUTHORITY APPROVAL

PERSONS RESPONSIBLE

The board of directors of Artificial Solutions is responsible for the contents of the Offering Circular. The information in the Offering Circular is, to the best of the board of directors' knowledge, corresponding to the factual circumstances and no omissions have been made regarding anything that could alter its meaning. Artificial Solutions' board of directors, on the day of the Offering Circular, comprises the chairman of the board Åsa Hedin and board members Johan Ekessiö, Bodil Eriksson, Johan A. Gustavsson, Fredrik Oweson and Jan Uddenfeldt.

PREPARATION AND REGISTRATION OF THE PROSPECTUS

The Prospectus has been approved with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*), as competent authority under the Regulation (EU) 2017/1129 of the European parliament and of the Council. The Swedish Financial Supervisory Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus or be considered as an

endorsement of the quality of the securities that are the subject of this Prospectus. The Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Regulation (EU) 2017/1129. Investors should make their own assessment as to the suitability of investing in the securities that are the subject of the Prospectus.

THIRD PARTY INFORMATION

The board of directors confirms that the information provided by third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain by comparison with other information published by those third parties, no information has been omitted which could render the reproduced information inaccurate or misleading. Statements in the Offering Circular are based on assessments of the board of directors and of the management unless otherwise expressly stated.

Certain parts of the Prospectus contain hyperlinks to websites. The information on these websites does not form a part of the Prospectus, unless the websites have been incorporated by reference, and has not been reviewed or approved by the Swedish Financial Supervisory Authority.

SOURCES

- Wired: 'Conversational AI: making technology more human' - <https://www.wired.co.uk/article/conversational-ai-making-technology-more-human>.
- Forbes: 'AI By The Numbers: 33 Facts And Forecasts About Chatbots And Voice Assistants' <https://www.forbes.com/sites/gilpress/2017/05/15/ai-by-the-numbers-33-facts-and-forecasts-about-chatbots-and-voice-assistants/#125647ad7731>.
- Case Study: How Shell Changed the Face of Distributor Engagement (extract from independent conference presentation available at https://www.youtube.com/watch?v=IW7JCONTGvc&list=PLyCWXHF6DVs_KDJNc-dX_nebnYsUFVjWB&index=10&t=2s).
- IDC - Worldwide Spending on Cognitive and Artificial Intelligence Systems Forecast to Reach \$77.6 Billion in 2022, According to New IDC Spending Guide <https://www.idc.com/getdoc.jsp?containerId=prUS44291818>.
- MarketsandMarket - Conversational AI Market - Global Forecast to 2024 https://www.marketsandmarkets.com/Market-Reports/conversational-ai-market-49043506.html?gclid=EAlaIqobChMI9Pil4ou15QIVBofVCh3PaQQgEAAYASAAEgKIPvD_BwE.
- Gartner Newsroom: Gartner Predicts 25 Per cent of Digital Workers Will Use Virtual Employee Assistants Daily by 2021 <https://www.gartner.com/en/newsroom/press-releases/2019-01-09-gartner-predicts-25-percent-of-digital-workers-will-u>.
- Gartner: 4 Trends in Gartner Hype Cycle for Customer Service and Customer Engagement <https://www.gartner.com/smarterwithgartner/4-trends-gartner-hype-cycle-customer-service-customer-engagement/>.
- Gartner's Market Guide for Conversational Platforms. Published: 20 June 2018 ID: G00354892.
- Gartner Top 10 Strategic Technology Trends for 2018 https://www.gartner.com/smarterwithgartner/gartner-top-10-strategic-technology-trends-for-2018/?utm_source=social&utm_campaign=sm-swg&utm_medium=social.
- Gartner: Teachings from Gartner's Symposium/ITExpo <http://owi-tech.com/en/some-teaching-from-gartners-symposiumitexpo/>.

MOTIVES FOR THE OFFER

Artificial Solutions is, according to the Company's assessment, one of the leading companies within commercial Conversational AI, a type of artificial intelligence that enables people to communicate with applications, websites and internet-connected devices through human-like manner such as voice, text, touch or gesture interaction.

The Company's advanced AI platform, Teneo, makes it possible for larger global corporates and organisations together with developers to create sophisticated and highly intelligent Conversational AI applications that runs over 35 languages, on multiple platforms and communication channels. The ability to analyze and benefit from the huge amount of conversational data is fully integrated within Teneo, delivers insight that reveal what customers truly think.

Operationally, Artificial Solutions has had a positive development since the IPO in March 2019. For the period July–September 2019, the Company reported an increase of the order intake of 65 per cent as well as a 33 per cent increase of revenue, while at the same time improving the gross margin from 52 per cent to 62 per cent during the period. For the full year 2019, order intake has increased by 14 per cent¹⁾, which is slightly lower than the communicated target of growing the order intake faster than the underlying market for Natural Language Processing (NLP).²⁾ The background to the lower order intake is that a major order from a current American client, which the Company had anticipated would be signed before the year-end, has been delayed. However, the customer has indicated to the Company that there is no material delay and the Company remains confident that the transaction will complete shortly. Even though the Company has exhibited strong growth and improved the margin, total costs are still higher than the revenue and an equity increase is therefore necessary for the Company to reach positive cash flow from operations and to finance the development of the business internally.

In order to provide the Company with the necessary financial resources to follow through with the existing business plan and meet the increasing demand from the Company's customers, it was decided on an extraordinary general meeting held on January 8, 2020 that the Company will carry out the Rights Issue and Over-allotment Option. Under the assumption that the Rights Issue is fully subscribed, the Company will receive approximately SEK 120 million before transaction costs. Artificial Solutions' principal owner Scope Growth II L.P. and Scope Growth III L.P. and a number of other shareholders, including SEB-stiftelsen and Vencom Group Holding BV, which together own approximately 54.84 per cent of the outstanding shares, have through subscription commitments, committed to subscribe for shares to a value of approximately

SEK 52 million in the Rights Issue. In addition, some of the Company's board members and several of the Company's larger shareholders, including AFA Försäkring, Tiberon AB, C-WorldWide Asset Management, have declared intentions to subscribe for their respective pro-rata shares. Of the total Rights Issue, about SEK 77 million is covered by subscription commitments and declarations of intent from existing shareholders, corresponding to approximately 63.7 per cent of the Rights Issue. If the Over-allotment Option is exercised in full, the Company will receive additional financing of approximately SEK 30 million before transaction costs.

Given the Company's current business plan, the Company will distribute the expected net proceeds of approximately SEK 85 million, after the conversion of approximately SEK 28 million loans into shares and approximately SEK 7 million transaction costs, in accordance with the following priority order:

- Repayment of short-term and bridging loans, approximately SEK 36 million,
- Continue to market the Teneo solutions in accordance with the Company's existing business plans, to continue to promote the Teneo platform to new and existing customers and partners, approximately SEK 29 million,
- Continue to add functionality to the Teneo platform in order to stay ahead of the market, approximately SEK 12 million,
- Add new languages to the Teneo platform in order to give access to new markets and new partners. The Company will also continue to ensure that the existing languages remain current, approximately SEK 3 million,
- Support the day to day working capital requirements of the business as it exists in accordance with delivering against the fiscal targets and the current business plan, approximately SEK 5 million, and
- Any additional net proceeds of up to approximately SEK 28.5 million from the Over-allotment Option will be invested in further development of the sales and marketing organization in order to support the accelerated growth in revenues from the Teneo platform.

Even if the Company assesses the above priority order, per the date of the Prospectus, to be the most correct, it is possible that the Company will reprioritize between the listed items in the future. Such reprioritization could, for example, become relevant if any business segment would exhibit performance above expectations and therefore requires additional resources.

It is Artificial Solutions' assessment that the present working capital, before completed Rights Issue, is not sufficient for the Company's needs during the next twelve months as from the date of this Offering Circular. In this context, working capital

1) The figure regarding the increase in order intake is derived from the press release published by the Company on 17 January 2020.

2) For definitions of alternative performance indicators, see the section "Financial information and key performance indicators – Definitions of key performance indicators not defined in accordance with BFNAR".

refers to the ability to access liquid resources in order to meet liabilities as they mature.

It is, however, the board of directors' view that if the Rights Issue is fully subscribed, which would generate gross proceeds of approximately SEK 120 million, the capital raised will be sufficient to finance the Company until it becomes cashflow positive from the operative business, assuming the Company's current business plan. If the Rights Issue, despite the communicated subscription commitments, cannot be successfully completed or is inadequately subscribed for, the Company will seek alternative financing solutions in order to fulfil its business plan, or reprioritize or delay certain investments as well as reduce expansion initiatives.

ADVISERS

Pareto Securities has acted as Artificial Solutions' financial adviser and Aktieinvest as the issuer agent in connection with the Rights Issue. Cirio Advokatbyrå AB has acted as legal adviser to the Company in connection with the Rights Issue. These parties have assisted the Company in relation to the preparation of the Prospectus and this Offering Circular. As all information in the Offering Circular originates from the Company, Pareto Securities and Cirio Advokatbyrå AB accepts no liability whatsoever in relation to existing or future shareholders of Artificial Solutions and in respect of other direct or indirect economic consequences as a result of decisions of investment or other decisions that are based entirely or partly on information in the Offering Circular.

INTERESTS AND POTENTIAL CONFLICTS OF INTEREST

As Artificial Solutions' financial adviser and issuer agent in connection with the Offering, Pareto Securities and Aktieinvest receive a remuneration based on a pre-settled agreement for services rendered. Pareto Securities has provided, and may in the future provide various banking, financial, investment, commercial and other services to Artificial Solutions for which they have received or may receive compensation.

Cirio Advokatbyrå AB is the Company's legal adviser in connection with the Offering. Cirio Advokatbyrå AB receives continuous compensation for services rendered.

Artificial Solutions' principal owner Scope Growth II L.P. and Scope Growth III L.P., as well as a number of other shareholders, including SEB-stiftelsen, and Vencom Group Holding BV, which together own approximately 54.84 per cent of the outstanding shares, have through subscription commitments, committed to subscribe for shares to a value of approximately SEK 52 million in the Rights Issue. The Principal Owner has furthermore committed to, without compensation, transfer the subscription rights they are entitled to, but do not intend to use, to a new shareholder who intend to use these subscription rights to subscribe for shares in the Rights Issue. Pareto Securities will, administratively, facilitate the transfer of subscription rights from Scope to the new shareholder. In addition, some of the Company's board members and several of the Company's larger shareholders, including AFA Försäkring, Tiberon AB, C-WorldWide Asset Management, have declared intentions to subscribe for their respective pro-rata shares. In total, the Rights Issue is thus covered by a total of SEK 77 million in subscription commitments and declarations of intent, corresponding to a total of 63.7 per cent of the Rights Issue.

In addition to the above parties interest in ensuring the Rights Issue being successful, no economic or other interests or conflicts of interest is deemed to exist between the parties that, as above, have economic or other interests in relation to the Rights Issue.

BUSINESS AND MARKET OVERVIEW

BUSINESS OVERVIEW

General information about Artificial Solutions

The Company's registered name (and trading name) is Artificial Solutions International AB. The Company's registration number is 556840-2076. Artificial Solutions is a Swedish public limited company which was founded in Sweden on 20 December 2010 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 1 February 2011. The registered office of the board of directors is in Stockholm municipality and the business address of the Company is Stureplan 15, 111 45 Stockholm, Sweden with telephone number +46 (0)8-663 54 50. Artificial Solutions' identification code (LEI) is 98450060010AABBAA974. The Company's operations are conducted in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). The Company's website is www.artificial-solutions.com. The information on the website does not form a part of the Offering Circular unless the websites are incorporated by reference.

Overview

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

Artificial Solutions Holding (the parent company of Artificial Solutions' current business prior to the Reverse Takeover, see section "*In particular about the Reverse Takeover*" below for further information) was founded in Stockholm in 2001. In 2010, Artificial Solutions Holding embarked on a journey to build a Conversational AI platform that can be used by non-specialists to quickly and easily build intelligent, humanlike and capable Conversational AI applications.

The resulting platform, Teneo, is a multi-award-winning technology that focuses on enterprise features within Conversational AI. Designed for the global enterprise, Teneo allows business users and developers to collaborate on creating sophisticated, highly intelligent conversational applications that can run across more than 35 languages, multiple platforms and channels. Further, the ability to analyse and make use of the enormous quantities of conversational data that is fully integrated within Teneo, delivering unprecedented levels of insight that reveal what customers are truly thinking.

Conversational systems built using Teneo cover a wide variety of use-cases, ranging from intelligent customer service chatbots¹⁾ that improve customer experience, driving online sales

revenue using humanlike virtual sales assistants and automating fast food ordering through voice-enabled digital employees. The conversational systems also include new possibilities for the gaming industry via intelligent voice interfaces, such as automated conversation and improved development of characters and interaction through humanlike voices. Additionally, Teneo is increasingly being deployed in virtual reality (VR) and augmented reality (AR) scenarios where an artificially intelligent conversational component delivers a more immersive experience.

Headquartered in Stockholm, Sweden, Artificial Solutions employees 110 staff from offices in Europe, Asia and the US. The Company delivers solutions to clients across multiple verticals, focusing particularly on blue-chip clients; customers include Shell, AT&T, TIAA, VW, Scania, Kindred, Medtronic, Vodafone, Folksam, Circle K, Swisscom and more. Shareholders consists of Scope, which owns approximately 43.84 per cent of the shares and votes in the Company, AFA Försäkring, which owns approximately 5.91 per cent of the shares and votes in the Company, SEB-stiftelsen, which owns approximately 4.2 per cent of the shares and votes in the Company, and C Worldwide Asset Management, which owns approximately 2.83 per cent of the shares and votes in the Company. In addition, the founders (consisting of Johan A. Gustavsson, Michael Söderström and Johan Åhlund) including related parties own approximately 6.8 per cent of the shares and votes in the Company.

Strengths and competitive advantages

Conversational and multilingual

Artificial Solutions believes that the onus of understanding intent will increasingly move to the machine, not the user. It is also Artificial Solutions' assessment that most platforms offer very little in the way of 'conversational intelligence' because their design makes it hard or impossible to build anything beyond a basic dialogue. For example, basic dialogue systems might respond to the request 'Book a meeting with Johan on 5 March at 10am' but would fail with more complex conversations such as 'Oh, change that to Friday'.

This means that end-users cannot deviate from the prescribed script to ask a different question and then resume the original conversation. For example, in the middle of ordering a pizza, if a user asks a seemingly unrelated question, such as querying if the vendor takes credit cards, the interruption is unlikely to be handled correctly or it will interfere the pizza ordering conversation.

1) "Bot" is a short form of robot. A "chatbot" is a piece of software that conducts a conversation via auditory or textual methods.

Teneo by comparison is capable of replicating real, task-switching conversations, so the response might be: 'We accept all major credit cards. Would you like thick or thin crust?'

In addition, Teneo can automatically give different answers depending on context, accessing existing business systems or third-party applications where needed, without the need to create a new intent for every specific output given.

With Teneo, enterprises can build the conversational intelligence once, in any language of their choice, and then enable deployment in over thirty-five languages. Furthermore, Teneo provides complete user control over every aspect of the multi-lingual solution by, for example, enabling the response to be tailored to fit in with local business processes, customs, culture or regulation. Typically, Artificial Solutions finds that up to approximately 80 per cent of the original development is re-used when a new language is implemented, making it much quicker to build multi-lingual conversational systems.

Enterprise-ready

Few Conversational AI development platforms were built with the global enterprise in mind. Consequently, features you might expect as standard such as version control, integrated testing and roll back capabilities, or user defined roles to manage collaboration over disparate teams, could be missing.

When talking about scalability, most Conversational AI development tools are only referring to traffic or bandwidth. Teneo, on the other hand, is optimized to build large-scale projects with hundreds or even thousands of Flows (the Teneo term for business process dialogues). It has essential integrated development features in place such as automated coding to aid speed of development, web-hooks to allow flexible integration with external systems, workflow support to allow distributed development teams to work on the same project and ease of portability to new services, devices and languages. Teneo not only offers advanced NLP (Natural Language Processing) components, but also provides a customizable and modular architecture that makes it possible for the developer to extend upon those components and when appropriate, easily incorporate external natural language assets and capabilities.

Hybrid

Teneo's patented hybrid approach combines the best of linguistic and machine learning models within the same AI application and even within the same conversation. Where data is available, Teneo uses machine learning to quickly deliver the best response. Where the response is not optimal, Teneo's linguistic learning is utilized to build sophisticated linguistic rules that are then refined as the system learns from user conversations to improve the results. This approach provides high levels of flexibility, speed and control and avoids situations where recent AI applications have "gone rogue" due to lack of human overview.

This is a key advantage over purely machine learning systems. A pure machine learning system is based only on historically curated training data, while Teneo's hybrid approach constantly adapts to new information.

Teneo's linguistic abilities allow for conversational systems to be built even without data and provide transparency in how the system operates. Also, with an area as complex as natural language dialogue for business purposes (not simply chit-chat), rules ensure that the system maintains a consistent and correct personality and behavior aligned with business aims or regulations and thus can act as a representative of what the actual company or organization wants to stand for. Thanks to the existing resources in Teneo, such rules can be created with precision and speed.

The machine learning integrations allow the system to go beyond the realm of rules, to make smart and complex inferences in areas where a linguistic only approach is difficult, or even impossible, to create.

The hybrid approach also has another advantage. Whereas pure machine learning systems eventually reach a plateau in the accuracy of its answers, a hybrid system allows developers to also use linguistic programming techniques to further refine the conversational system, thus delivering a better end-user experience.

Data

Another way Teneo overcomes the issue of a lack of training data is by providing developers with a body of data built on billions of real conversations. Known as the Teneo Language Resources ("TLRs"), these natural language understanding building blocks are crucial in enabling users to quickly build their own natural language applications.

Developed using machine learning techniques by some of the finest minds in computational linguistics, the TLRs allow enterprises to teach new conversational applications all the possible language permutations in a matter of moments. The user simply enters a few representative queries, and the TLRs will enable the application to learn all the different ways a user might ask the same exact question.

Because Teneo is available in over 35 languages, the TLRs enable the application to 'think' in an enterprise's native tongue, while delivering the same linguistic sophistication across every other language required.

Besides a faster, more intuitive interaction for users, one of the advantages of natural language systems for businesses is the conversational data they generate. This information is vital to maintain and improve the application built, to personalize the conversation and to deliver actionable business insight.

Teneo allows enterprises to own their customer interaction data and to use it to the business's advantage, it even provides the capabilities to enable enterprises to comply with the strict-

est of data regulation, such as GDPR. In addition, Teneo can also be deployed either in the cloud or on-premises, helping organisation's control their data completely.

Meeting data privacy regulations

In the latest version of Teneo, Artificial Solutions has taken the use of data a step further by integrating the conversational data in one flow through the platform enabling near real-time access to business data insights and data driven development that automatically enhances the interaction and maintains the system.

Teneo is the first Conversational AI platform to provide strong data-control capabilities including advanced anonymization and pseudonymization to help clients meet compliance with data privacy regulations such as GDPR, while still deriving significant value and benefits from Conversational AI.

In addition, enterprises can self-host the entire deployment of Teneo. Data security is a key consideration for any enterprise, particularly when dealing with regulatory frameworks and customers' personal information. Teneo's open architecture allows organizations to meet today's exacting security conditions, across multiple geographies and legal requirements.

Proven

Developed from the experience of decades of real-life implementations, and with awards ranging from Stevies and Alconics to Techies and Glomos (widely recognised technology awards), Teneo is one of the most decorated Conversational AI platforms around. This independent accreditation is comple-

mented by a number of key patents for Artificial Solutions' technology, a customer list featuring some of the world's largest brands and recognised partner support from many of, according to the Company, leading system integrators, such as Accenture, Deloitte, KPMG, Cap Gemini, Cognizant, Teleperformance, and Publicis Sapient. As a transformative technology, Teneo includes many features:

- Enables business users and developers to collaborate, creating sophisticated Conversational AI apps in record time without need for specialist linguistic skills.
- Delivers intelligent, natural-language interfaces in multiple languages, across multiple platforms and channels.
- Integrated conversational data tools deliver voice of the customer insight – the most valuable customer data.
- Data privacy and security core: clients own their data, on-premise hosting option for data security, delivers GDPR compliance.
- The hybrid approach combines the best of linguistic and machine learning in one platform.
- End-to-End for Enterprise – modern, NLP (natural language processing) stack utilising machine learning for rapid development with industrial strength feature set.
- Open, modular design delivers flexibility and state-of-the-art Conversational AI.
- Closed loop, modular approach constantly learns and improves.
- Supports multiple use-cases.



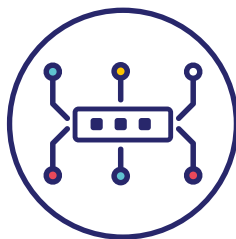
Conversational

Deliver a natural, intelligent user experience with Conversational AI



Enterprise

Teneo is, according to the Company, the only platform specifically built for the need of the global enterprise



Hybrid

Uses linguistic and machine learning techniques for optimal performance



Data

Leverage contextual conversational data to achieve a competitive edge



Proven

Award winning and already implemented by enterprises worldwide



Strategy to achieve further growth

A platform proposition

Building engaging Conversational AI solutions can be complex. Toolkits – usually referred to as platforms – are needed to do this. Artificial Solutions was one of the first companies to recognise this emerging trend and developed the Teneo Conversational AI platform to directly address this requirement. According to the Company, it has built a position as one of the leading providers of Conversational AI for enterprises.

Moving forward, the Company intends to leverage this strong technical position and enterprise customer base to increase market share in key verticals where it already has reference accounts. To attract and secure new customers, Artificial Solutions will continue to address a small number of strategic prospect accounts through its direct sales channel and will work closely with its existing partner channel to both sell to and provide implementation services to new accounts.

Clear go-to-market focus

Artificial Solutions strongly focuses on global enterprises where Teneo's enterprise-strength features, ability to build highly conversational, humanlike solutions and client-ownership of the conversational data provide compelling differentiation. Key capabilities such as support for over 35 languages and the ability to host the solution on-premise – an imperative for many enterprises where data-security is paramount – further strengthen the enterprise messaging for this sector.

Artificial Solutions is also sensitive to its geographic focus to ensure it has the resources to effectively manage each region in which it operates, with Europe and USA as its primary geographic focus. During 2019, the Company started its expansion in to Asia from a base in Singapore, leveraging its reference Asian customer base to drive sales primarily through the partner channel supported by Company resources in the region.

Artificial Solutions' rigorous "go-to-market" strategy ensures it only targets prospective clients that are likely to value Teneo's unique selling points.

Organic growth plan

Artificial Solutions has already secured prestigious light-house accounts across a number of sectors including Telecom; Banking, Financial Services and Insurance; Automotive; Energy and Utilities; Travel and Hospitality and Healthcare and Life Sciences. These validate the technology and demonstrate client ROI models. The strategy is to now leverage these reference accounts as growth drivers, allowing the Company to further expand within the same verticals, for example within multiple sectors including Automotive/Trucks (Volkswagen, Scania, etc.), Telecoms (Vodafone, AT&T, Swisscom, etc.), Finance (Folksam, Banca Monte dei Paschi di Siena, WeBank, TIAA, etc.) and Retail (Circle K, Jack in the Box, etc.) They can also be used to develop across similar use-cases (for example, customer service, ecommerce and conversational UI).

Additionally, the recurring revenue model based on usage fees (as described in the section "– Business model"), underpinned by proven technology supporting multiple use-cases, channels, deployment models and a product roadmap leveraging Teneo's open, data-centric design will allow Artificial Solutions to capitalize on the wider AI sector.

Scalability through established partner channel

Artificial Solutions has already developed a strong partner channel of global systems integrators and digital agencies that have chosen Teneo as a key Conversational AI platform for enterprise clients. These partners deliver an international sales channel with direct access to C-level contacts in target enterprise accounts and provide service resources and deployment scalability plus a valuable proof-point to further expand the channel.

Focus on higher-margin business

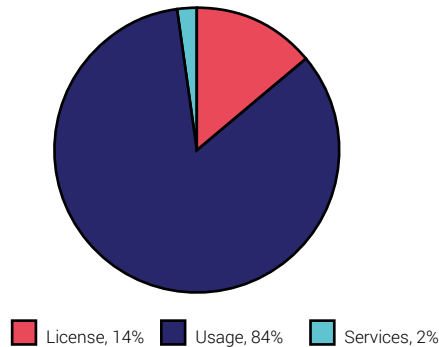
As a product-led software business, Artificial Solutions targets higher margin software and usage fees for the Teneo platform. Where appropriate, the Company collaborates with partners whose business model is built around service delivery and who deliver the services need to implement Teneo-based solutions, creating a win-win situation.

Where Artificial Solutions provides the implementation services through its in-house professional services, the initial project is typically lower margin, but subsequent years benefit from the usage fees model, skewing the remainder of multi-year contracts towards the higher margin license and usage fees.

Further, after the initial investment, companies often add services and products with high margins. Once the Teneo platform and its additional offerings have been implemented, customer stickiness is achieved.

Increasing the proportion of higher-margin usage fees is therefore an important element of the Company's growth strategy with usage fees having the potential to deliver 84 per cent of all Teneo revenue in 2022.

POTENTIAL REVENUE SPLIT:2022



Compelling product vision

Teneo has been designed as an open architecture, enterprise-strength Conversational AI platform that enables customers and partners to quickly develop and learn from conversational solutions. It addresses in one platform everything from design, development & deployment to interpreting and using conversational data, has compelling enterprise-strength capabilities and, crucially, data is owned by the client. These principals have made Teneo successful both with blue-chip clients & global systems integrators. There is opportunity to further extend Teneo to create a unifying open architecture in which AI assets can be incorporated into Teneo, extending its capabilities and market opportunity where a clear enterprise focus will help differentiate Teneo in the hyper-growth AI sector.

Strategic acquisitions

The Company will selectively evaluate potential strategic acquisitions to further strengthen its Teneo platform offering. There are many related technology components complementary to Conversational AI that may be considered as potential targets, for example voice biometrics, speech and face recognition, emotion detection, sentiment analysis and more. The open-architecture and modular structure of Teneo has been developed to allow complementary technologies to be integrated if appropriate.

In particular about the Reverse Takeover

On 28 January 2019, Artificial Solutions (previously Indentive AB) entered into an agreement regarding the acquisition of all shares and warrants in Artificial Solutions Holding through an issue in kind ("**Reverse Takeover**"). The Reverse Takeover was subject to approval by Artificial Solutions (previously Indentive AB) annual general meeting held on 28 February 2019. Immediately after the execution of the Reverse Takeover, the share-

holders of Artificial Solutions Holding held approximately 97.75 per cent of the shares and votes in Artificial Solutions (previously Indentive AB), and the existing shareholders in Artificial Solutions (previously Indentive AB) held approximately 2.25 per cent of the shares and votes in Artificial Solutions (previously Indentive AB).

The Reverse Takeover required that a new listing process was initiated on Nasdaq First North Growth Market by the new entity. On 5 March 2019, Nasdaq Stockholm AB approved the continued listing of Artificial Solutions on Nasdaq First North Growth Market.

Artificial Solutions has formally completed the acquisition of approximately 99.3 per cent of the total shares and votes in Artificial Solutions Holding. Scope has, under a shareholders' agreement between the previous owners of Artificial Solutions Holding, including drag-along rights, called that the remaining shareholder of Artificial Solutions Holding who did not participate in the Reverse Takeover, shall transfer its shares in Artificial Solutions Holding to Artificial Solutions, in accordance with the same terms and conditions as in the Reverse Takeover. If it turns out that it is not possible to complete the acquisition of shares under the drag-along, for example due to the shareholder concerned being unreachable, Artificial Solutions may initiate squeeze-out procedure under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) in order to gain possession of the remaining 0.7 per cent of the shares in Artificial Solutions Holding.

Business model

The Artificial Solutions business model is based exclusively upon the Teneo software platform. This applies both to the direct sales to customers and to the indirect sales via partners. Teneo enables clients and partners to build Conversational AI solutions across a number of different industries including, but not limited to customer support, online sales, home automation, interactive games, quick service restaurants, automated vehicles.

Artificial Solutions business model comprises five different types of revenue:

- 1. Term licenses** for the use of the Teneo platform. This license gives the customer access to the Teneo Platform and allows the customer to build and then optionally host their solution. It is possible for the customer to host multiple solutions, multiple languages or multiple platforms on a single license. Typically, the Licenses are signed for a term of two to three years and the Company's experience is that the solutions become embedded in the customers business and entails that more than 80 per cent of licenses are renewed when they come to the end of their term. License Fees are due and payable annually in advance. Whilst customers will generally contract for a two- or three-year agreement, they will tend to only accept an invoice annually in advance. Revenues from Term Licenses are recognised ratably over the life of the agreement.

- 2. 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 customer's 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. It is worth noting here that in the event the customer does decide to upgrade to the next release, then they will be invoiced for any professional services required to deliver the upgrade. Further, Support and Maintenance covers the Teneo platform only and not the solution or use case that is built upon the platform. In the event the customer wants their solution maintained, then this is generally covered by a professional services agreement. Along with the Term License Support and Maintenance is generally contracted for a two- or three-year term and invoiced annually with revenue recognised ratably over the life of the agreement.
- 3. Usage Fees** based upon the actual usage of the platform by the end-user customer. Usage can be measured in many different ways and is generally related to the business value obtained by the end user; usage fees therefore form a key element of the Business Model. The more functional the solution, the more use cases addressed, the more languages covered by the solution and the more channels supported for the user to access the Conversational AI solution, then the higher the usage and hence the more revenue to Artificial Solutions. Usage is based upon actual numbers of interactions, sessions, connected devices, etc., as agreed with the customer as the basis for charging. For example, in a customer service implementation, the usage fee may be linked to the number of service calls successfully handled by the automated assistant. In a quick-serve restaurant, it may be the number of orders handled by the voice assistant. Usage may be invoiced either on a "pay as you go" basis whereby each month or quarter the Company count the amount of Usage, apply the applicable rate and invoice the customer accordingly. Alternatively, Artificial Solutions also encourage its customers to buy usage in blocks in advance. The price list is designed to offer a discount for these advance purchases, such discounts increasing as volumes grow. Usage revenues are recognised on an "as delivered" basis.
- 4. Hosting.** Although Teneo can be operated by the end user on their own servers, a number of customers requests that Artificial Solutions operate their solution. In these cases, Artificial Solutions operates in the "cloud" via Amazon Web Services or equivalent with reserved instances to minimize costs. The customer is charged operating fees annually in advance and income is reported on a straight-line basis over the term of the agreement.
- 5. Professional services.** There are a number of different consultancy services provided to support the building of Teneo-based Conversational AI solutions: (i) Conversational AI development – the creation of a knowledge base on the Teneo platform to support different use cases or solutions; (ii) The integration of the platform into the customer's existing architecture and integrations to other systems; (iii) Project Management to manage the overall project and coordinate various resources; and (iv) Data Scientists to review and analyze unstructured conversational data. All these activities are based solely on the Teneo platform. Due to the intuitive nature of the platform, these services may be delivered by Artificial Solutions, by an Artificial Solutions Partner or by the customer themselves. Customers are generally invoiced for professional services on an "as delivered" at the end of each month or quarter depending upon the individual customer agreement. In many cases the customer will commit to taking delivery of a set number of consulting days, for which they will be given a discount to recognise the commitment, however these services are invoiced as delivered. In order to ensure the availability of the correct level of resource for their project a further group of customers will commit to and pay for blocks of numbers of days of professional services for which they receive a greater discount. The average rate charged by Artificial Solutions does vary by country. Professional Services revenues are recognised on an "as delivered" basis.
- Professional Services require staff to be recruited and trained; resulting in a lower margin than sales of software licenses and usage fees as both can be sold with a limited marginal cost. In addition, revenue is limited from Professional Services in the pace in which the organization can increase, while licensing and usage revenue is not resource-limited and the delivery cost for these is very low. It is therefore the strategy of Artificial Solutions to focus on the sale of the higher margin license and usage revenue and to reduce the proportion of the lower margin Professional Services. Artificial Solutions is achieving this by building partnerships with major firms of consultants and systems integrators who deliver the Professional Services to implement projects using their own organization and infrastructure. Thus, as part of Artificial Solutions' strategic approach to growing profitable revenue, Artificial Solutions is placing increasing focus on the sale of license and usage and enabling partners to deliver the Professional Services element of projects through their own teams of consultants. Developing this relationship with partners also has the added benefit of increasing the number of opportunities that can be addressed at any one time together with increasing the reach of the sales operation since sales teams within the partner channel are able to sell Conversational AI projects on behalf of Artificial Solutions.

Revenue distribution and profitability

All projects delivered on Teneo will drive license, usage, support and maintenance revenue, some will also include Professional Services and hosting revenue.

Artificial Solutions invests in its own research and development team. This team has designed and built the entire Teneo software platform in-house. The costs associated with research and development are either expensed in the year in which they are incurred or, where the costs relate to products with demonstrable future revenue, the costs are capitalized and then amortised over a period of three years. Artificial Solutions thus owns all essential material intellectual property in the Teneo software platform. Thus, when selling licensing and usage to its customers, there are no associated royalty costs to pay. Accordingly, term and usage, license and support carry very low direct cost and as such deliver a high margin business, whereas revenues form Professional Services, hosting and support carry much lower margins.

Over the lifecycle of a customer solution the nature of the revenue and therefore the Gross Margin of an individual solution will change shape. During the initial stages of a project, as the solution is built the revenue generated will include a high proportion of professional services, i.e. a low margin revenue stream. After the initial build phase, the solution will drive additional Usage as the solution expands coverage, increases languages or platforms. As the, high gross margin, Usage element of revenues grow then the overall margin per cent increases.

Sales through partners

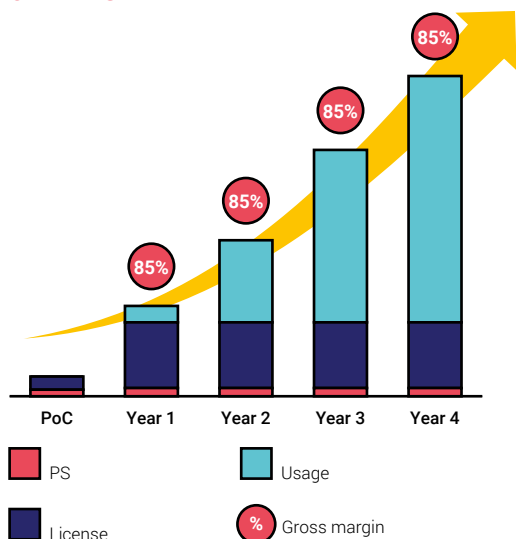
Teneo-based solutions for Conversational AI can be delivered by Artificial Solutions' consultants either independent or in collaboration with partners who have their own teams of trained professional consultants.

Where a project is delivered through the partner channel and the partner delivers the professional services, or where the customer has their own internal team of consultants who build the solution themselves, then the revenue to Artificial Solutions is generally made up of high margin Term Licenses and Usage Fees. Thus, solutions delivered by Partners or the Customers own skilled staff means that all revenues to Artificial Solutions will carry a high gross margin from early in the project.

Whilst the main incentive for the partners to deliver a platform to their customers is to provide solutions and quality, they would not be able to achieve elsewhere, there are two added advantages to the partner. The first is that they can offer their customers Conversational AI professional services practice based upon the Teneo Platform, generating revenue for themselves. Artificial Solutions also provides licenses and usage to its partners at a discounted rate. This enables the partner to benefit both from a share of the license fee revenue but also from an ongoing share in any usage revenue that is derived from their customers. This is an annuity revenue to the partner which is not generally available from other software solutions and hence attractive to the partner.

Artificial Solutions has different types of relationships with its partners. Some partners prefer the full contractual relationship with their customers, and these partners buy licenses and usage from Artificial Solutions for resale to their customers, while other partners prefer that their customers include license agreements directly with Artificial Solutions whereby these partners provide their own agreements for professional services and support.

FINANCIAL PROFILE OF PARTNER CUSTOMER ON-BOARDING



FINANCIAL PROFILE OF DIRECT CUSTOMER ON-BOARDING



Financial targets

The customers of Artificial Solutions are large national and multi-national organisations who generally have significant numbers of customers with whom they need to communicate across multiple platforms and in multiple languages. The revenue generated from these customers arrives in different phases as indicated in the graph above, with the large volume of usage revenue being the last to materialize. It is the Company's strategy to deliver these projects through a network of, according to the Company, the world's leading systems integrators. In the years since the launch of the Teneo Platform, Artificial Solutions has focused on selling and implementing projects directly with its customers whilst also building up the skills within its partner channel to deliver projects. It has been engaged in proof of concepts and pilot projects in a number of such customers. These customers have implemented the solution in a number of initial projects. In the early stages of a new solution, revenue from projects will be predominantly license and professional service, once the solution build is complete, revenues will move to a mix of license and usage fees. Following this model, many existing projects are on the point of transition from professional services revenue to license and usage fees. At the same time the numbers of deals in which partners are involved has increased significantly. As partners will deliver the professional services, the initial revenues will be limited to licenses. As the projects delivered by partners transition to deliver usage fees, volumes are expected to increase. There are a number of projects currently being deployed by partners which we expect to begin to deliver usage fee revenues. As a result of the focus on initial projects and the nature of revenues generated at that stage of the project, revenues have so far been restricted and do not yet reflect the growth expected to come from large volumes of usage revenue.

The use cases of existing projects demonstrate the opportunity to grow usage revenues by expanding use cases, adding platforms and languages across these world leading brands.

As these customers come into production and the new customers delivered through the partner channel become productive, Artificial Solutions expect the License and Usage revenue to grow.

Artificial Solutions' board of directors has set out financial targets as set out in the following:

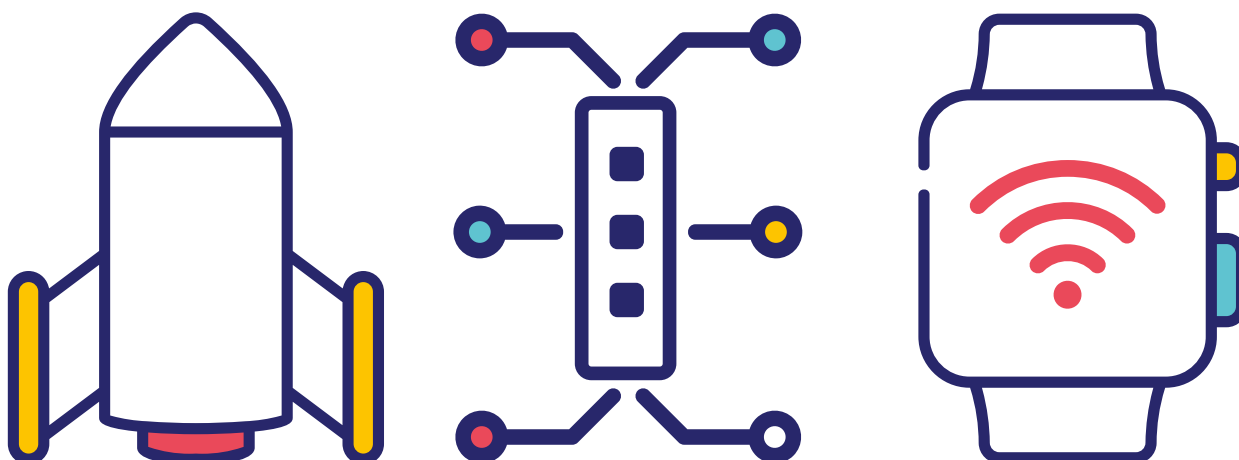
Order intake: Order intake shall in the medium and long-term grow in excess of the growth of the Natural Language Processing (NLP) market.

Gross margin: The gross margin shall increase to more than 70 per cent of revenues by the end of 2020 as the mix of revenues will change to include proportionally more license and usage fees than services.

Cash flow from operations: The Company shall generate positive cash flows from operations by the end of 2020.

The financial targets described above represent forward-looking statements. These forward-looking statements are not guarantees of future financial operational performance and the Company's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors including but not limited to those described in section "Important information to investors – Forward-looking statements" and the section "Risk factors".

Investors are urged not to place undue reliance on any of the statements set forth above.



Customer base

Artificial Solutions has built a global customer base of prominent clients with global reference customers in key vertical markets.

They are very large International organisations, mostly operating in the business-to-consumer sector hence have millions of customers with whom they need to communicate, to understand, support, and to sell to. Their needs are ultimately to increase customer satisfaction and loyalty, reduce cost, gain insightful data and to decrease churn.

Further, as global organizations, they are likely to require support in multiple languages and they do understand the importance of an enterprise strength, robust, proven platform.

Conversational AI applications that have been deployed include:

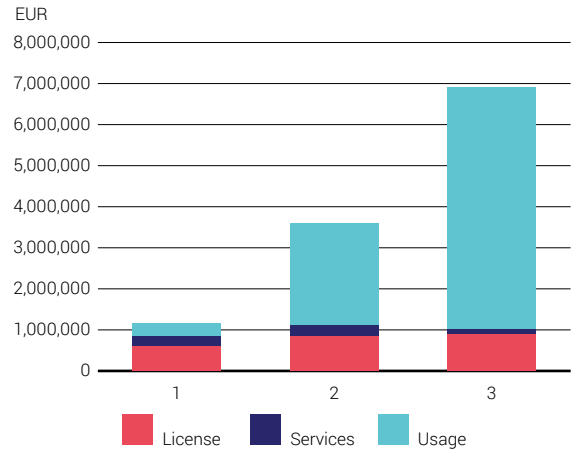
- Virtual customer assistants for automated service.
- Intelligent digital employees for online sales.
- Conversational UIs that voice-enable devices, software, IoT, autonomous vehicles, etc.
- Humanlike, natural language personas in gaming, VR & AR.
- Augment existing staff in areas including HR & second-line agent support.
- Interpreting big-data volumes of unstructured conversational data to deliver first-person, voice of the customer insight and understanding.

As described in the section “Strategy to achieve further growth”, Artificial Solutions is focusing on growing the overall value of its customer accounts, in particular growing usage fees by working with its customers to help increase the number of end-users that access Conversational AI applications, where appropriate adding new languages and channels

to the applications and by identifying new use cases for Conversational AI applications within each customer.

The estimated lifetime value of a typical customer is illustrated below:

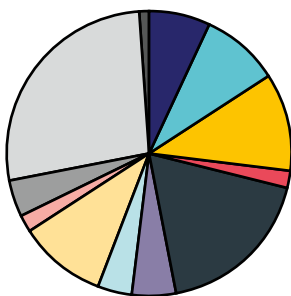
CUSTOMER LIFETIME VAUE



Case studies that illustrate typical customer profiles include:

A major global auto-maker has been working successfully together with Artificial Solutions and one of the Company’s global systems integrator partners who together have deployed an intelligent Teneo-based virtual assistant that has already delivered a 400 per cent improvement in conversion of the customer journey from web-visit to test-drive; a key measure for the auto-maker. Following on from this success, and based on an existing global agreement, Teneo will be used by a central team within Scania, another subsidiary within the

CUSTOMERS BY INDUSTRY AND GEOGRAPHY, OCTOBER 2019.



- Automotive, 7%
- Finance, 9%
- Healthcare, 11%
- Insurance, 2%
- Oil & Gas, 18%
- Online Retail, 5%
- Other, 4%
- Partner, 10%
- Public Administration, 2%
- Retails, 4%
- Telecommunications, 27%
- Travel & Leisure, 1%



- Asia Pac, 0%
- Benelux, 12%
- Germany, 12%
- Global, 25%
- Italy, 9%
- Scandinavia, 10%
- UK, 11%
- US, 20%

Group to create highly intelligent conversational interfaces throughout the entire organization. Strong collaboration features within Teneo that support enterprise wide development will allow Scania's developers and business users alike to build advanced chatbot applications in multiple languages for a wide range of internal and external uses. Through the global agreement, other new projects are currently underway within the automotive group.

One of the world's largest medical technology, services and solutions companies is actively working with Artificial Solutions to deploy Teneo-based assistants in use-cases that span both internal projects such as HR and IT support plus external customer facing applications designed to improve the customer experience. The global license agreement allowing their innovation centre to implement conversational solutions across multiple use-cases and languages was brought to Artificial Solutions, and primarily sold through, a partnership with one of the Company's global partners.

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

A US Fortune 500 company, which is a global telco and with a long-established client of Artificial Solutions that has already deployed Teneo in four use cases, has extended its commitment to the Company with the purchase of additional Teneo licenses allowing it to deploy the technology in new use-cases. The account has already generated considerable revenue and the opportunity for further growth is, in Artificial Solutions' opinion, significant. In one division they have recently made the Teneo solution available to 120 million customers to provide support which we expect will considerably increase usage and revenue.

Reference points extend across many other sectors, geographies and companies. For example, through one of Artificial Solutions' global partners, Teneo solutions have already been deployed in **two major US government** departments, a new market sector for the Company and representing encouraging potential. A project is now live in the Nordics for an **international chain of convenience stores** and a **major European telecom giant** has used Teneo both to launch its own customer-facing service-bot as well as using Teneo as its conversational AI platform of choice for deploying chatbot capabilities through its service and consultancy division.

These accounts are illustrative of customers that demonstrate key proof points for Artificial Solutions' strategy. All are 'foundation customers' – they are at an early stage of adoption for Conversational AI solutions across their organizations.

All offer opportunity for significant growth both directly within the client organization and as a reference within the wider industry sector. All are capable of driving high-margin revenue growth through license and usage fees.

Product development

Artificial Solutions has its own dedicated organization for product research and development, with highly experienced software engineers and computational linguists specialising in natural language developments. Artificial Solutions operates four research and development centres. The centres are located in Sweden, Spain, UK and Germany. Artificial Solutions' R&D budget for 2019 totals EUR 2.1 million and is earmarked primarily for the continuing improvement and enhancement of the Teneo Platform including the next major release of Teneo that includes major new capabilities that will make the technology even more attractive to both the partner channel and Chief Information Officers within large enterprises.

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

Sales

Artificial Solutions has direct sales forces in Europe, US and Asia-Pacific, which is further extended in these regions and on a global basis through the Company's partner channel of major systems integrators and digital agencies. This partner channel has established relationships with senior executives in enterprise accounts and a sales team that are incentivised on selling services; a key component of any Conversational AI solution.

The Conversational AI sector is still a concept in the early stages of adoption in which larger customers request proof of concepts and pilot projects to assess the concept. In such cases, the sales process can take between six to twelve months. However, Artificial Solutions is already seeing clear signs that as Conversational AI solutions become more established and mainstream, and the need for proof of concept and pilot projects is reducing. The Company has also launched Teneo Developer which allows partners and customers to test the functionality in advance of making a decision. The Company has already seen evidence of this significantly shortening sales cycles in certain cases to two to four months, and in some cases remove the need to proof of concept altogether.

Further, once implemented, Conversational AI solutions tend to have a high degree of 'stickiness' and enterprise customers use the platform to build additional solutions in other areas of their business. Artificial Solutions therefore anticipates an increasing amount of up-sell and cross-sell opportunities moving forward.

Professional services

The Company's operations organization provides professional services for both direct client implementations and supporting partners to supplement their resources with specialist skills as required. Additionally, the organization can provide full hosted environments or services to help clients establish their own environment should they wish to self-host. Added value services including training and support services are also provided from the operations organization.

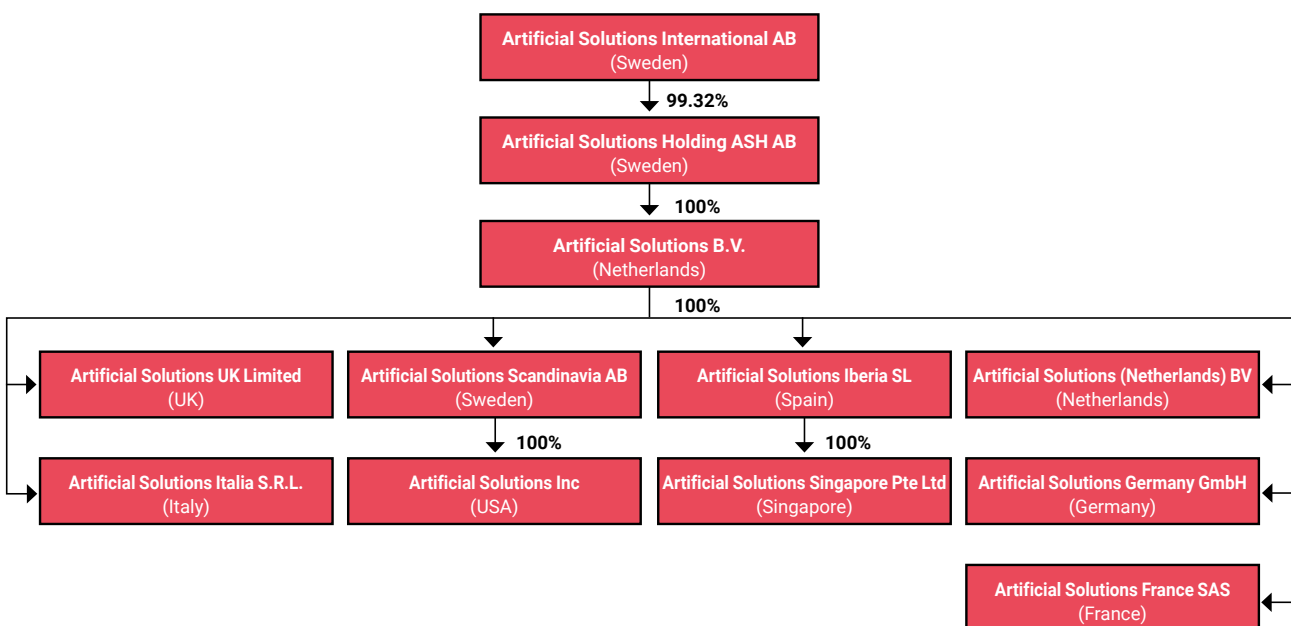
As for the Company's internal IT such as servers, workstations and standard applications, the Company owns its infrastructure and licence standard applications from relevant third parties such as Microsoft.

Marketing

Artificial Solutions' marketing is conducted on a global basis with the primary goals of the function focused on strategy and its communication to relevant audiences, profile building and awareness, and sales enablement ranging from the acquisition of new customers and strengthening the relationship with existing clients and partners. The primary marketing channels used by the Company include digital marketing, press and analyst relations and various forms of lead generation such as participation in conferences and exhibitions and direct marketing such as outbound canvassing and email nurturing.

Organizational structure

Artificial Solutions is, as of the day of the Offering Circular, directly or indirectly, the parent company of eleven subsidiaries in accordance with the below table.



- 1) Artificial Solutions has formally completed the acquisition of approximately 99.3 per cent of the total votes and shares in Artificial Solutions Holding. Scope has, under a shareholders' agreement between the previous owners of Artificial Solutions Holding, including drag-along rights, called that the remaining shareholder of Artificial Solutions Holding who did not participate in the Reverse Takeover, shall transfer its shares in Artificial Solutions Holding to Artificial Solutions, under the same terms and conditions as in the Reverse Takeover. If it turns out that it is not possible to complete the transfer of shares under the drag-along, for example due to the shareholder concerned being unreachable, Artificial Solutions may initiate squeeze-out procedure under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) in order to gain possession of the remaining 0.7 per cent of the shares in Artificial Solutions Holding.

Artificial Solutions is headquartered in Stockholm, Sweden and operates across Europe, the US and Singapore from eight regional offices.

Financing of Artificial Solutions' activities

Until Artificial Solutions has sufficient operating revenues, the activities are intended to be financed with the proceeds of the Rights Issue.

Investments

Material investments after 30 September 2019

From the end of the last reporting period up to the date of the Offering Circular, Artificial Solutions has not made any material investments.

Current investments and undertakings with respect to future investments

Artificial Solutions has approved additional investments for 2020 to an amount of approximately EUR 2.2 million mainly consisting of research and development. The investments are financed through available working capital. Apart from this, Artificial Solutions has no ongoing material investments or future investments on which the Board of directors has committed.

Significant trends

According to Artificial Solutions, the Conversational AI market is driven by a number of key trends:

- The continued rise in the acceptance of consumers to use conversational interfaces as a method of communicating with technology, devices, applications and websites. Independent research, and all direct market experience, indicates that this is a trend that will continue to grow substantially. See the section "– Market overview" for further information.
- Enterprises will continue to transition automated customer experience to conversation-enabled channels as a way of better engaging with their customers.
- The development of existing and new use-cases within the Conversational AI market.

In addition to the above-mentioned market drivers, Artificial Solutions is potentially affected by a number of important trends including:

- Conversational AI is seen as one of the most exciting aspects of AI and as such, is also being targeted by many of the major tech-players including Google, Microsoft, Amazon and IBM. Artificial Solutions has clear differentiation, particularly around its enterprise focus in this market, but existing relationships between tech-players and prospects may impact with Artificial Solutions' forecasted growth.
- As enterprises increasingly start to adopt Conversational AI, data security is increasingly important for enterprises. Artificial Solutions consider the Company has a strong position around this, but changes in the market could affect the outlook.

Artificial Solutions' business model is also affected by a number of important trends, including:

- Artificial Solutions increasingly drives business through the indirect partner channel who deliver the services element of the business. This will change the revenue mix to higher-margin license revenue. However, more sales will be necessary to retain the order-intake growth.
- The surge in the use of Conversational AI as a user interface is expected to lead to new market opportunities for Artificial Solutions.

Significant changes in Artificial Solutions' loan and financing structure after 30 September 2019

As a part of the Rights Issue, Artificial Solutions has obtained bridge loans amounting to SEK 23 million from the Principal Owner. The loan carries an annual interest rate of 10 per cent and is intended to be set-off by the Principal Owner to shares in the Rights Issue.

In addition, Artificial Solutions has been granted an extension of two short-term loans from Lemman Management Nominees Limited. As of 31 December 2019, the outstanding amount under the loans amount to EUR 8.2 million and matures on 31 March 2021.

Artificial Solutions has also been granted an extension of a loan from Masselaz AB. As of 31 December 2019, the outstanding amount under the loan amount to EUR 1.1 million and matures on 31 March 2021.

In December 2019, Artificial Solutions was granted an extension of a loan from Aros Kapital AB which matures on 10 March 2020. As of 31 December 2019, the outstanding amount under the loan is SEK 18 million.

In January 2020, Artificial Solutions was granted a bridge loan from the shareholder SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse. The bridge loan carries an annual interest rate of 10 per cent and intends to be set-off by SEB-Stiftelsen against shares in the Rights Issue. As of the day of the Offering Circular, the outstanding loan amount under the loan is SEK 5.1 million.

In January 2020, Artificial Solutions was granted a bridge loan from André Hoffmann. André Hoffmann intends to acquire subscription rights from the Principal Owner. The bridge loan carries an annual interest rate of 10 per cent and intends to be set-off by André Hoffmann against shares in the Rights Issue. As of the day of the Offering Circular, the outstanding loan amount under the loan is SEK 12.6 million.

For more information on above loans, see section "Information on shareholders and legal information – Material Agreements – Credit facilities and other borrowing".

Apart from the above mentioned, no significant changes regarding Artificial Solutions' loan and financing structure have occurred since the 30 September 2019 up until the day of the Prospectus.

INDUSTRY OVERVIEW

Introduction

Conversational AI, a form of artificial intelligence (“AI”), allows people to communicate with applications, websites and devices in everyday, humanlike natural language via voice, text, touch or gesture input. It offers an engaging and intuitive way of interacting with technology and is set to revolutionize how humans relate to machines.¹⁾

Artificial Solutions believes that Conversational AI benefits both the user and the enterprise. Users value conversational interfaces because they are fast, intuitive and convenient. For enterprises, Conversational AI offers a way to build a more personalized and engaging customer experience, that in return delivers a wealth of customer information which is highly valuable in growing their business.

As a result, enterprises are increasingly turning to Conversational AI solutions to help in all areas where there is communication between humans today. Often referred to as chatbots, bots, intelligent virtual assistants or digital employees, Conversational AI is transforming human-computer interaction. For example, in customer service, intelligent chatbots are automating customer queries to free up the workforce for more nonstandard work. Conversational interfaces are transforming the dynamics from “user having to learn the interface” to “the chatbot is learning what the user wants” and are already having significant implications for, inter alia, onboarding, training, productivity and efficiency inside the workplace. In smart homes, voice-assistants are starting to control household devices and services, and, in the auto sector, info-assistants are becoming more capable and intelligent, allowing drivers to control features by voice.

Indeed, the diversity and growth in the use of Conversational AI means that “conversation” is set to be the next human-computer frontier.²⁾

For enterprises, there are four primary drivers for investing in Conversational AI:

- **Drive more revenue.** Intelligent chatbots guide customers on a buying journey, driving sales conversion and revenue. Automated online sales advisors remember customer preferences and provide advice, tips and help, while gently upselling. Anonymized conversational data can be used to understand trends and better interpret customer sentiment, providing invaluable insight that informs product and service development. Text-based messenger bots offer new channels for automated sales conversations to engage customers and provide personalized advice and support.
- **Reduce costs.** By automating a proportion of the calls, emails, SMS and social media messages and live chat sessions that would have otherwise required direct human involvement, Conversational AI solutions free up time to allow existing employees to focus on higher-value customer engagements. Automated customer services bots operate around the clock, eliminating the need for out-of-hours service and can reduce calls to service centers by up to 40 per cent.³⁾
- **Offer new methods of customer engagement.** There are instances where a conversational interface is simply a better option. For example, automating customer service using a virtual assistant that can scale across millions of users, allows customer issues to be answered in an efficient yet humanlike manner, 24 hours a day. A maintenance engineer wearing protective clothing can access technical manuals using voice while keeping both hands free. An artificially intelligent chatbot can deliver advice and support across a wide range of issues and sectors.
- **Build differentiation.** Conversational AI interfaces help deliver a frictionless user experience that drives product differentiation. A virtual reality banking experience with an artificially intelligent voice interface sends a strong message of innovation. Conversing with computer game characters as though they were articulate humans, delivers new levels of customer engagement. A voice interface provides an intuitive replacement to a complex menu system for home automation and security.

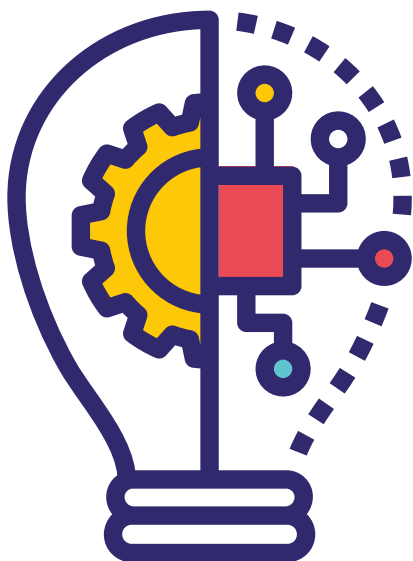
1) Wired: 'Conversational AI: making technology more human' - <https://www.wired.co.uk/article/conversational-ai-making-technology-more-human>.

2) Forbes: 'AI By The Numbers: 33 Facts And Forecasts About Chatbots And Voice Assistants' <https://www.forbes.com/sites/gilpress/2017/05/15/ai-by-the-numbers-33-facts-and-forecasts-about-chatbots-and-voice-assistants/#125647ad7731>.

3) Case Study: How Shell Changed the Face of Distributor Engagement (extract from independent conference presentation available at https://www.youtube.com/watch?v=IW7JCONTGvc&list=PLyCWxHF6DVs_KDJNc-dX_nebnYsUFVjWB&index=10&t=2s).

But building truly conversational, humanlike and capable conversational solutions is not easy. When we converse as humans, we are unpredictable, we do not say what is expected, we use our own terminology, we branch off at tangents, we circle back, we miss out crucial facts and figures, we ask for clarifications. Even interpreting simple responses from a user such as “What’s available?” means the conversational system must have a memory and understand the subject of the conversation.

Replicating this conversational capability of humans in machines is complex and when combined with achieving this in multiple languages and across different channels such as web, mobile, messaging services, smart-home devices and more, it becomes extremely challenging. Enterprises therefore need toolkits – specialist developer platforms that include all the necessary components to build, deploy and maintain conversational systems – to help them build Conversational AI solutions quickly and easily. These toolkits are referred to as Conversational AI Platforms and the market is evolving fast.



The Conversational AI Market

Market segments

There are three primary use cases for enterprise Conversational AI: customers, employees and devices. In some instances, it may be that an application may support more than one use case type. For example, a customer service app aimed at helping customers, might be used by call centre staff because it can provide an answer faster than internal systems. Conversational AI is typically used:

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

How Conversational AI delivers value

According to Artificial Solutions, Conversational AI allows enterprises to reignite the customer experience with increased engagement, personalized customer service and improved customer satisfaction. No more wading through endless menu systems. Customers can simply ask for what they want, just as if they were talking to a live assistant – and get the right response, every time.

To achieve this type of experience, enterprises need a Conversational AI development platform that can deliver humanlike conversations over any channel, in any language. One that can follow the user around as they switch devices and services during the day; delivering a personalized response by remembering pertinent facts, user preferences and using back-office databases or third-party information to provide a comprehensive response.

Fundamental to the success and impact of Conversational AI is the application's ability to capture and interpret conversational data to uncover the single 'voice of the customer', ultimately revealing what customers actually think.

Artificial Solutions believes that data is one of the key benefits of a conversational application. People reveal vast amounts of information in conversations, individual preferences, views, opinions, feelings, inclinations and more are all part of the conversation. Some Conversational AI development platforms give enterprises the tools to use this information to feed back into the conversation – increasing engagement and training and maintaining the Conversational AI interface, delivering real-time, actionable business insight.

For this to be of benefit, enterprises must own all the data generated by the conversation. This is not, however, always the case. Frequently, data is held back by the third-party conversational interface provider for their own purposes. For example, an enterprise may only receive the "final pizza order", not the multiple requests for a gluten free base, so they never know this is possibly a new area of expansion for them.

Market size and outlook

Conversational AI – the focus of Artificial Solutions - is a subset of the wider AI market; a market that is forecasted to grow significantly. Indeed, according to International Data Corporation (IDC) Worldwide Semiannual Cognitive Artificial Intelligence Systems Spending Guide, spending on cognitive and AI systems will reach USD 77.6 billion in 2022, more than three times the USD 24.0 billion forecast for 2018. The compound annual growth rate ("CAGR") for the 2017–2022 forecast period will be 37.3 per cent.¹⁾

Software will be both the largest and fastest growing technology category throughout the forecast, representing about 40 per cent of all AI spending with a five-year CAGR of 43.1 per cent. Two areas of focus for these investments are conversational AI applications (e.g., personal assistants and chatbots) and deep learning and machine learning applications (employed in a wide range of use cases).

Published market analyst predictions for market growth vary with a conservative outlook provided by MarketsandMarkets, who estimate that the global conversational AI market size will grow from USD 4.2 billion in 2019 to USD 15.7 billion by 2024, at a CAGR of 30.2 per cent during the forecast period (2019–2024).²⁾ The major growth drivers for the market include the increasing demand for AI-powered customer support services, omni-channel deployment, and reduced chatbot development cost.

North America is expected to hold the largest market size in the global conversational AI software market, while Asia Pacific (APAC) is expected to grow at the highest CAGR during the forecast period. North America is expected to be the leading region in terms of adopting and developing Conversational AI.

Conversational AI platforms are used to build chatbots and virtual assistants. According to Research and Markets, the virtual assistant market will grow at a CAGR of 38.82 per cent between 2017 and 2023. The use of these Conversational AI driven virtual assistants is growing both in the workplace and to support customer-facing service operations. Gartner predicts that 25 per cent of digital workers will use virtual employee assistants on a daily basis by 2021, up from less than 2 per cent in 2019.³⁾ Gartner also believes that by 2020, 25 per cent of customer service and support operations will integrate virtual customer assistant technology across engagement channels, up from less than 2 per cent in 2017.⁴⁾

Market drivers and trends

As more and more customers engage with enterprise across digital channels, virtual assistants driven by Conversational AI are being implemented for handling customer requests on websites, mobile apps, consumer messaging apps and social networks. Indeed, leading analyst firm Gartner predict that by 2021, 15 per cent of all customer service interactions will be completely handled by AI, an increase of 400 per cent from 2017.⁵⁾

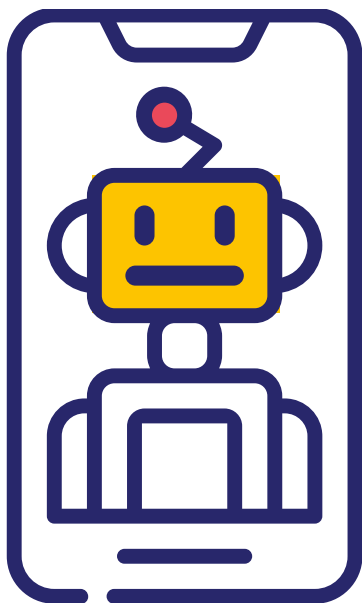
1) IDC - Worldwide Spending on Cognitive and Artificial Intelligence Systems Forecast to Reach \$77.6 Billion in 2022, According to New IDC Spending Guide <https://www.idc.com/getdoc.jsp?containerId=prUS44291818>.

2) MarketsandMarket - Conversational AI Market - Global Forecast to 2024 https://www.marketsandmarkets.com/Market-Reports/conversational-ai-market-49043506.html?gclid=EAlalQobChMI9Pii4ou15QIVBofVCh3PaQQgEAAAYASAAEgKIPvD_BwE.

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

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

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



Further, in Gartner's "Market Guide for Conversational Platforms"¹⁾ that explores Conversational AI applications and looks at development technology from Amazon, Apple, Facebook, Google and Microsoft, alongside other companies including Artificial Solutions, it discusses how the tremendous growth in the Intelligent Assistant market can be attributed to automated customer support services and smart home systems, but says that accuracy in some chatbots is the main restraining factor for the individual virtual assistant market.

However, Artificial Solutions predicts that for enterprises that can overcome this issue by using advanced Conversational AI platforms, the rewards are great. Not just the increase in customer satisfaction, but in the actionable data that conversational systems generate.

Gartner notes that not all AI-driven conversational solutions are equal: "A primary differentiator among conversational platforms will be the robustness of their conversational models and the API and event models used to access, invoke and orchestrate third-party services to deliver complex outcomes."²⁾

With Gartner predicting that "Conversational AI-first" will supersede "cloud-first, mobile first" as the most important high-level imperative for the next ten years,³⁾ Artificial Solutions believes that many enterprises will actively deploy conversational systems over the next five years.

Competitive environment

Competitors

In the opinion of Artificial Solutions, the market is fragmented between those vendors that offer specific solutions in niche markets, to technology providers that offer a complete platform to enable enterprises to take full advantage of the benefits of Conversational AI.

Artificial Solutions believes that the market for Conversational AI can be broadly placed into three categories.

- **Enterprise focused:** Organizations that focus on the enterprise market such as IBM, Nuance, IPSoft and Artificial Solutions. These companies differentiate themselves by providing an enterprise-strength platform that enables the development of business wide conversational applications, not just point solutions. The ability to integrate closely into legacy systems, to allow collaboration across disparate teams, support for multiple languages, an increased level of scalability, and additional considerations to security and data privacy allows for the development of sophisticated Conversational AI applications in complex business situations. It is typical that these companies work alongside partners such as KPMG, Deloitte and Accenture in delivering a holistic approach to Conversational AI applications throughout the enterprise. These integration partners provide project management, business and technical services that are necessary in the implementation process of Conversational AI solutions.
- **Chatbot technology:** the tech-giants – often referred to as FAMGA (Facebook, Amazon, Microsoft, Google and Apple) offer platforms centered around chatbots. They tend to have limited tools to support long-term enterprise wide development, making them a barrier for some enterprises. Further, there is a question over ownership and derived value from the conversational data. In addition, the Conversational AI development technology of the tech giants usually runs in the cloud only as opposed to Teneo which can be hosted by the client "on-premise" or in the cloud. Self-hosted or "on-premises" options, typically favored in highly regulated industries such as banking, healthcare and government is normally only to be found with enterprise focused software. Whilst not yet seen as competition in the geographies in which Artificial Solutions currently operates, it is also possible that major tech-giants in Asia could be developing similar platforms that could become a source of competition in the future.
- **First generation virtual assistants:** There are a number of companies that focus primarily on first generation, less conversational virtual assistants, typically in the customer service arena. These include companies such as Creative

1) Published: 20 June 2018 ID: G00354892.

2) Gartner Top 10 Strategic Technology Trends for 2018 https://www.gartner.com/smarterwithgartner/gartner-top-10-strategic-technology-trends-for-2018/?utm_source=social&utm_campaign=sm-swg&utm_medium=social.

3) Gartner: Teachings from Gartner's Symposium/ITExpo <http://owi-tech.com/en/some-teaching-from-gartners-symposiumitexpo/>.

Virtual, CX Company and Inbenta who operate in niche markets. They tend to offer limited functionality and frequently require large amounts of coding from specialist computational linguists that are expensive and in short supply. In addition, with little or no support for global languages they can only operate in specific regions.

Key barriers to entry

General

Teneo's patented hybrid approach combines the best of linguistic and machine learning models within the same AI application and even within the same conversation. Where data is available, Teneo uses machine learning to quickly deliver the best response.

Artificial Solutions believes that many of the key areas that Conversational AI platform providers need to overcome are related to data. A lack of it, the cost of acquiring it and in more recent times, the regulations protecting it.

These issues affect how quickly and cost-effectively enterprises can develop Conversational AI systems in the future.

A lack of training data

Machine learning is increasingly being used within Conversational AI platforms, however it is a common misunderstanding that machine learning systems somehow work completely on their own, without any human supervision. This is not true. Just like a linguistic based conversational system requires humans to craft the rules and responses, a machine learning system requires humans to collect, select, and clean the training data.

Many of the players in the sector are still struggling with this point. Enterprise clients typically do not have data sets large enough to train conversational systems, or if they do, they are unable to justify the high cost of curating and categorizing the data.

Using machine learning to understand humans takes a staggering amount of data. What comes naturally to us as humans, the relationships between words, phrases, sentences, synonyms, lexical entities, concepts etc., must be learned by a machine. For enterprises that don't have a significant amount of relative and categorized data readily available, this a costly and time-consuming part of building Conversational AI applications.

The costs of acquiring data

Since its inception, Artificial Solutions has captured a huge data-lake of human-machine conversations and, as mentioned above, used this data to map in over 35 languages, the natural language understanding building blocks so important in enabling enterprises to quickly develop conversational

applications. Whilst it is almost impossible, in the view of Artificial Solutions, to estimate how much it would cost a competitor to capture and then use the vast amounts of conversational data needed to develop similar language resources, it would be a significant cost and time-barrier for entry to the market.

Poor conversational understanding

But a lack of data is not the only issue for some Conversational AI platforms. There is a danger that pure machine learning systems have no consistent personality, because the dialogue answers are all amalgamated text fragments from different sources. From a business point of view, this misses the opportunity to position the company and its values through a consistent AI brand personality.

An even greater problem is the risk that the machine learning systems do not understand the customer's questions or behavior. In a linguistic based conversational system, humans can ensure that questions with the same meaning receive the same answer. A machine learning system might well fail to correctly recognise similar questions phrased in different ways, even within the same conversation..

Regulations regarding the protection of data

Data is at the heart of Conversational AI, and is used to personalise the conversation, improve the system and deliver actionable insight to the business, so it is essential that enterprises can reap the benefits while complying with regulation and legislation.

Whilst GDPR is an EU regulation, the ramifications impact on enterprises around the globe. Anyone processing an EU citizen's personal data must comply, no matter where they are based or how small the company. For organisations, the challenge is not just in storing the data, but also in retrieving the information for export or deleting in a timely manner

Artificial Solutions provides an open technology architecture that allows enterprises to meet their own exacting security conditions including the ability to self-host their entire Conversational AI deployment.

Customers also own the conversational data they generate which enables them to secure it according to their own policies and procedures. In addition, the knowledge gathered through Artificial Solutions' technology is stored in one place which streamlines the querying and interpreting of conversational data and allows for the easy identification of any personal data in order to deal with it appropriately. For example, it is possible to pseudonymize personal data to enable conversations still to be used for statistical analysis and data insight, even when the personal data has been removed in accordance with the Company's GDPR policy.

WORKING CAPITAL STATEMENT

It is Artificial Solutions' assessment that the present working capital is not sufficient for the Company's needs during the next twelve months as from the date of this Offering Circular. In this context, working capital refers to the ability to access liquid resources in order to meet liabilities as they mature. The deficit in the working capital is expected to occur in June 2020 and is expected to total approximately SEK 50 million. The shortage of working capital includes costs for operating the business, repaying loans of SEK 18 million granted by Aros Kapital AB (which matures on 10 March 2020), repaying loan commitments of SEK 6 million, repaying the bond debt of SEK 52 million (which matures on 5 June 2020 and intends to be refinanced with a new bond) and repaying the bridge loans from current shareholders and acquirer of subscription rights of SEK 23 million, SEK 5.1 million and SEK 12.6 million, respectively ¹⁾.

It is Artificial Solutions' assessment that the Company's working capital needs for the next twelve months will be met if the Rights Issue is fully subscribed. If the Rights Issue is fully subscribed, the Company will receive approximately SEK 85 million, after conversion of SEK 28 million advances and SEK 7 million transaction costs. If the Over-allotment Option is also fully subscribed, the Company will receive additionally approximately SEK 28.5 million, after transaction costs. If the Rights Issue would not be fully subscribed, Artificial Solutions will seek alternative financing opportunities such as a directed share issue or long-term loan financing. If all alternative financing fail, the Company will reprioritize or delay certain investments as well as reduce expansion initiatives. If the Company fails with reducing its activities to a sufficient degree, the Company may be subject to reconstruction, bankruptcy or other dissolution.

1) Scope, SEB-Stiftelsen and André Hoffmann intend to set-off the loans against shares in the Rights Issue.

RISK FACTORS

An investment in securities is associated with risk. This section contains the risk factors considered to be material for Artificial Solutions' operations and future development. The assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. In accordance with the Regulation (EU) 2017/1129 (the Prospectus Regulation), the risk factors mentioned below are limited to risks which are specific to the Company and/or the shares and which are material for making an informed investment decision.

The description below is based on information available as of the date of the Offering Circular. The risk factors that are currently considered to be the most material are presented first in each category and the subsequent risk factors are presented without any particular order.

The risks and uncertainty factors described below could have a material adverse effect on Artificial Solutions' operations, financial position and/or results. They may also result in the Company's share price falling, which may lead to Artificial Solutions' shareholders losing all or part of their investment.

RISKS RELATED TO ARTIFICIAL SOLUTIONS' OPERATIONS

Artificial Solutions' business depends on its ability to recruit and retain key personnel

Artificial Solutions is active in a high-tech market on which senior executives and key personnel are of great importance to the Company's operations. Thus, the Company is dependent on executives and key personnel, including competent sales force as well as software developers with a detailed knowledge of the Company and the industry. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. This can be particularly challenging on the Company's market – Conversational AI – where the competition for qualified employees is high and the overall competence can be limited. There is also a risk that Artificial Solutions may not be able to retain such personnel to the extent necessary. Artificial Solutions' business may also be adversely affected if its efforts to expand and train its direct sales force do not generate a corresponding increase in revenue. If Artificial Solutions fails to continue to attract and retain key employees and other skilled employees on acceptable terms it may not be able to sustain or further develop its business, which might have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as medium.

Artificial Solutions has experienced rapid growth in recent periods and may be unable to continue to manage its growth effectively or execute its business plan

Potential investors should not consider Artificial Solutions' revenue growth in recent financial years as indicative of its future performance. However, Artificial Solutions anticipates that it will continue to grow its business within its target indus-

try sectors and by expanding its operations in the geographies in which it operates. Prior growth has placed, and future growth will place, a significant strain on Artificial Solutions' management, administrative, operational and financial infrastructure. Artificial Solutions' future success will depend in part on its ability to manage its growth effectively. To manage the expected growth of Artificial Solutions' operations and personnel, it will need to continue to improve its operational, financial and management controls, and its reporting systems and procedures. If Artificial Solutions is not able to manage its growth effectively, the Company may be unable to successfully execute its business plan and potential customers may not enter, and existing customers may not renew, agreements with Artificial Solutions. These difficulties could have a material adverse effect on Artificial Solutions' net sales, or net result. The Company estimates the level of the risk as medium.

Artificial Solutions' business depends on its ability to continue to develop the Company's technology in a timely manner

Artificial Solutions develops and provides technology to build Conversational AI solutions. The area in which Artificial Solutions operates is at the very cutting-edge of AI technology and much of the development activity is new. As such, it is possible that concepts that are being developed may take significantly longer than anticipated to deliver. If there are unforeseen delays in developing and releasing Artificial Solutions' technology, it may have an adverse effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as medium.

Artificial Solutions may lose its existing customers

Artificial Solutions' end customer can be either a direct customer to Artificial Solutions or an indirect customer via a channel partner. When the end customer is indirect, Artificial Solutions relies on channel partners that have direct relationships with the end customer. The Company's top customer stood for approximately 18 per cent of Artificial Solutions' revenue or gross profit during the period 1 January–30 September 2019 and Artificial Solutions' top ten (direct and indirect) customers represented approximately 74 per cent of Artificial Solutions' revenue during the same period. The loss of one or more of Artificial Solutions' larger customers or channel partners may have a material adverse effect on Artificial Solutions' net sales or net result. In order for Artificial Solutions to maintain or improve its operating results, it is important that Artificial Solutions' customers continue to renew their agreements with Artificial Solutions. Artificial Solutions' customers have no obligation to renew their agreements upon expiration and it is possible that the customers will not renew agreements with Artificial Solutions. Artificial Solutions' customer retention rate may decline or fluctuate as a result of a number of factors, including customer satisfaction, the effectiveness of Artificial Solutions' services and solutions, Artificial Solutions' pricing, the pricing of competitors, mergers and acquisitions affecting Artificial Solutions' customer base, or global economic conditions. In addition, Artificial Solutions' customers may choose to internally develop certain functionality or services currently provided by Artificial Solutions. If Artificial Solutions' customers do not renew their agreements or if they renew their agreements on less favorable terms for Artificial Solutions, the Company's revenue may decline, which may have a material adverse effect on Artificial Solutions' net sales or net result. The Company estimates the level of the risk as low.

Inefficient and unsuccessful project management and/or forecasting may result in significant losses if costs are greater than anticipated

Part of Artificial Solutions' sales arises from fixed and project related fees associated with the integration of new customers. In order to ensure that Artificial Solutions' projects are conducted efficiently and on-cost, the Company relies on its project management expertise, particularly with respect to pricing its services, allocating time and optimizing performance during the term of the contract. The essential skills for performance and profitability of a project are the Company's ability to accurately assess the various resources (in particular, human resources) necessary to carry out the project and to control technical events that could affect and delay progress on the project. In practice, inefficient and poor project management or errors in calculating costs could have a material adverse effect on Artificial Solutions' operating expense or net result. The Company estimates the level of the risk as low.

Artificial Solutions may experience failures, defects, delays and other problems involving the technology systems and infrastructure on which it relies for the services and solutions that Artificial Solutions provides

Artificial Solutions relies on its technology systems and infrastructure in providing its services and solutions to its customers. The Company's business could be interrupted by any damage to or the failure of the Company's technology systems, infrastructure, software or hardware and impact of any failure of the networks, systems, infrastructure, software or hardware of its customers or service providers. The Company's systems and infrastructure are also vulnerable to damage and interruption from, among other things, power loss, natural disasters, computer viruses and software defects and errors by the Company's employees or service providers. Systems failures or delays could disrupt Artificial Solutions' business or ability to process services and solutions through its Conversational AI-platform, which could result in loss of revenue and current and potential customers, which could have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. The services and solutions that Artificial Solutions provides to its customers are inherently complex and may contain material defects or errors. Any defects either in functionality or that cause interruptions in the availability of Artificial Solutions' services and solutions, including user error, could result in the loss of or delayed market acceptance and use of the Company's services and solutions, breach of warranty claims, issuance of sales credits or refunds for prepaid amounts related to unused services, loss of customers, diversion of development and customer service resources and harm to Artificial Solutions' reputation. Furthermore, the availability or performance of Artificial Solutions' services and solutions could be adversely affected by a number of factors, including the failure of Artificial Solutions' technology systems and infrastructure, or security breaches. In addition to potential liability, if Artificial Solutions experiences interruptions in the availability of its services and solutions, Artificial Solutions' reputation may be adversely affected, which could result in loss of customers. Accordingly, failures, defects and other problems relating to the Company's services and solutions could have a material adverse effect on Artificial Solutions' net sales, or net result.

Additionally, the actions of third parties may affect Artificial Solutions' reputation if customers do not have a positive experience using third-party services, such as the communications networks of operators, which are integrated with, or integral to, Artificial Solutions' services and solutions. Maintaining and enhancing Artificial Solutions' reputation may require substantial investments, and such investments may not achieve their desired goals.

In addition, the costs incurred in correcting any material failures, defects, delays, errors or other problems involving the Company's technology systems and infrastructure or its services and solutions may be substantial and have a signifi-

cant impact on Artificial Solutions' operating results and have a material adverse effect on Artificial Solutions' operating expense or net result. The Company estimates the level of the risk as low.

Artificial Solutions relies on services provided by third-party service providers, including cloud service providers

Artificial Solutions develops and provides technology to build Conversational AI solutions. When deploying, Artificial Solutions use external services, such as cloud-based hosting and third-party automatic speech recognition (ASR). In addition to that, Artificial Solutions uses IT-services to handle fundamental business processes. If these third parties cannot deliver the IT-services because of an interruption, disturbance, information safety problems or of any other reason it an adverse effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as low.

Artificial Solutions may be impacted by actual or perceived security vulnerabilities in its services and security controls

Artificial Solutions may be subject to third-party attempts and threats to breach its communications platform, software, network and data security and take advantage of other security vulnerabilities. Threats to Artificial Solutions' information technology security can take various forms, including viruses, worms, and other malicious software programs that attempt to attack Artificial Solutions' services and solutions and gain access to Artificial Solutions' computer networks and data centers. Persons who attempt to circumvent Artificial Solutions' information technology security may also launch targeted or coordinated attacks using novel methods. In addition, security threats may be caused by employee error or various means of unauthorized access to Artificial Solutions' internal systems or data or the data of Artificial Solutions' customers. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and are generally not recognised until launched against a target, there is a risk that Artificial Solutions will be unable to anticipate these techniques or to implement adequate preventative measures. These threats may result in breaches of Artificial Solutions' network or data security, disruptions of Artificial Solutions' services, solutions and internal systems, interruptions in Artificial Solutions' operations, harm to Artificial Solutions' competitive position from the compromise of confidential information or trade secrets, or otherwise harm Artificial Solutions' business. These third-party attempts and threats can result in the loss or corruption of Artificial Solutions and customer data and may adversely impact the Artificial Solutions' systems, operations and reputation, which could have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. In addition, customers using Artificial Solutions' services and solutions rely on the security of Artificial Solutions' network and infrastructure for achieving

reliable service and the protection of their data. Artificial Solutions receives and communicates a significant amount of data from its customers, and there is a risk that this information will be subject to computer break-ins, theft and other improper activity that could jeopardize the security of information handled by Artificial Solutions' services and solutions or cause interruptions in Artificial Solutions' operations. In addition, to the extent that Artificial Solutions' competitors are subject to the abovementioned attempts, threats, break-ins, theft and other improper activity, Artificial Solutions may experience reduced customer trust and acceptance of its services and solutions and the reputation of the Company and industry may be adversely affected. Accordingly, any such actions, irrespective of whether successful in breaching the Company's security controls, could expose Artificial Solutions to litigation, loss of customers, damage to Artificial Solutions' reputation, or otherwise have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as low.

RISKS RELATED TO ARTIFICIAL SOLUTIONS' INDUSTRY AND MARKET

Customers of Artificial Solutions may be slow to implement the technology

Artificial Solutions' customers tend to be large, complex organizations, often with many business units, divisions and global interests. Whilst Artificial Solutions will engage with one or more business functions in these customers, its ability to influence the wider organization is limited and there may be influences completely out of the control of Artificial Solutions that can delay the roll-out of the Company's technology.

Under these circumstances, forecasted usage fees may be delayed which could have a material adverse effect on Artificial Solutions' net sales or net result. The Company estimates the level of the risk as medium.

Artificial Solutions operates in a competitive and rapidly changing market

The Conversational AI market is changing rapidly due to technological improvements, availability of new or alternative services and changing customer demands and can require significant investment in research and development by market participants. The Company depends on its ability to adapt to the rapidly changing market by improving the features and reliability of its existing services and solutions, and by successfully developing, introducing and marketing new features, services, solutions and applications to meet customer demands. The Company may not be able to successfully adapt to changes in the market or respond successfully or adequately to meet market demands in a cost-effective manner. Any failure by Artificial Solutions to adapt to changes in the market or respond quickly, successfully or adequately to new or changing opportunities, technologies, standards or customer demands could impair the

Company's ability to compete and retain customers, which could have a material adverse effect on Artificial Solutions' net sales or net result.

The Conversational AI market is characterized by fragmented and highly competitive market participants. Some of Artificial Solutions' competitors and potential competitors are larger and have greater name recognition, much longer operating histories, larger marketing budgets and significantly greater resources than Artificial Solutions, and thus may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer demands than Artificial Solutions. If Artificial Solutions is unable to achieve its target pricing levels, its operating results would be negatively impacted. Furthermore, increased competition from traditional and new competitors generally could result in increased price pressure, reduced sales, lower margins, losses or the failure of Artificial Solutions to increase or maintain market share, any of which could have a material adverse effect on Artificial Solutions' net sales or net result. The Company estimates the level of the risk as medium.

The markets in which Artificial Solutions operates may develop more slowly than Artificial Solutions expects or may decline

The Conversational AI market is at an early stage of its development, and there is a risk that these services will not achieve or sustain high levels of demand and market acceptance. If enterprises do not perceive or realize the benefits of Conversational AI, there is a risk that the market for these services may not continue to develop, may decline or may develop more slowly than Artificial Solutions expects, which could have a material adverse effect on Artificial Solutions' net sales, or net result. The Company estimates the level of the risk as medium.

FINANCIAL RISKS

Artificial Solutions may not be able to obtain additional financing on commercially viable terms, or obtain additional financing at all, or fulfill its obligations under current financing arrangements

In June 2015 and July 2017, Artificial Solutions entered into a credit agreement with one of its shareholders, Leman Management Nominees Limited, under which Leman Management Nominees Limited granted Artificial Solutions two term loan facilities, which in total amounts to approximately EUR 8.2 million including accrued interest as of 31 December 2019. The loans mature on 31 March 2021. The terms of the credit facilities include standard provisions and undertakings, including, among other things, a change of control provision and undertakings regarding permitted indebtedness. If Artificial Solutions or its subsidiaries cannot fulfill all undertakings and provisions in the credit facilities, Leman Management Nominees Limited is entitled to terminate the respective facilities and demand repayment of

outstanding credits and, if repayment of the credits does not take place, enforce the security provided in relation thereto.

In December 2018, Artificial Solutions issued bonds to an amount of SEK 52 million with the final maturity date on 5 June 2020. The bond terms contain customary terms and commitments. In addition, the bond terms include a provision on ownership changes, which states that all bondholders have the right to demand mandatory repayment upon Scope Capital S.A. ceasing to, directly or indirectly, own at least 35 per cent of the voting shares in Artificial Solutions Holding.

If Artificial Solutions or its affiliates fails to fulfill its obligations under the bond terms, the bondholders are entitled to demand repayment of outstanding bonds, and, if repayment does not occur, make use of collateral. If the bond terms are terminated or if Artificial Solutions cannot fulfill its obligations or breach of provision therein occurs, it will have a negative impact on the company's current assets, long-term assets and total equity as well as on Artificial Solutions' opportunities to obtain additional funding.

Artificial Solutions' ability to repay its debts, in other ways fulfill its undertakings and the terms of the credit agreements and the bond arrangements or the as well as the Group's ability to refinance its credits and make payments according to other undertakings depend on, among other things, Artificial Solutions' future results. Some aspects of Artificial Solutions' future results depend on economic, financial and competitive factors and other factors beyond Artificial Solutions' control.

There is also a risk that additional financing will not be available to the Company on commercially viable terms when required or may not be available at all. If Artificial Solutions is unable to obtain financing on commercially viable terms or unable to obtain financing at all, it could have a material adverse effect on Artificial Solutions' net sales, operating expenses, interest expense or net result. The Company estimates the level of the risk as medium.

Artificial Solutions has income in several currencies which exposes the company to currency risks

Artificial Solutions currency risk consists of the components of transaction risk and conversion risk. The transaction risk consists of the risk of impact on the Company's result and cash flow as a result of the changes in the value of the flows in foreign currencies in case of changes in exchange rates. Artificial Solutions usually has an inflow of EUR, USD, GBP and SEK, and a net outflow of, among other, EUR, USD, GBP and SEK, which means that the Company is continuously exposed to transaction risk. Based upon the current mix of currencies, the estimated impact of a 1 per cent change in the exchange rate would have an impact of approximately SEK 0.4 million per annum on revenue and approximately SEK 1.3 million per annum on expenses. A change in the mix of currencies is not expected to have a material impact on inflows or outflows.

Conversion risk is a risk when converting foreign subsidiaries' net assets to the reporting currency of Swedish kronor (SEK). Foreign subsidiaries are in France (EUR), Italy (EUR), Netherlands (EUR), Germany (EUR), Spain (EUR), United Kingdom (GBP), Singapore (SGD) and US (USD). Artificial Solutions is affected by the conversion of foreign subsidiaries' income statements and balance sheets into SEK. These exposures are not hedged.

As the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future exchange rate changes could adversely affect Artificial Solutions' net sales, operating expenses, or net result as well as current assets, current liabilities and long-term liabilities. The Company estimates the level of the risk as low.

REGULATORY RISKS

Artificial Solutions is dependent on protecting its intellectual property rights and may be subject to third-party claims regarding violations of intellectual property rights

Artificial Solutions' operations and business strategy is supported by the Company's intellectual property rights portfolio. The Company has currently six patents in the US. The patent portfolio is assessed to encompass a significant value in relation to the total IPR portfolio held by the Company. As of the day of the Offering Circular, the Company has – in addition to aforesaid patent portfolio – other intellectual property rights including copyrights, trademarks and domain names. Artificial Solutions owns all material intellectual property with respect to the Teneo platform and relies on licensing its products to third parties in a number of jurisdictions. Hence, the Company must proactively enforce and protect its intellectual property rights. The Company has for cost and feasibility purposes – due to, for instance, the competitive market situation – sought to rely on patent protection mainly in the United States. In terms of other IPR, the Company secures its rights through, among other things, registrations, assignment agreements, IP and confidentiality clauses in employment, customer, supplier agreements, etc. In terms of active enforcement, while the Company does not fully employ monitoring services, the competitor environment is currently understood to be fairly limited. The situation might however change in the future, which may trigger need for retaining more full-scale monitoring services which could potentially have a financial impact in terms of additional costs.

In order to protect its intellectual property rights, Artificial Solutions may be required to spend significant resources not only in monitoring but also in protecting its intellectual property rights. The Company has the bulk of its patent portfolio registered in the United States which is a highly litigious jurisdiction and where there have been many instances of Non-Practicing Entities, so called patent trolls, filing infringement and/or invalidity proceedings against successful or promising technolo-

gies. Litigation brought to protect or enforce Artificial Solutions' intellectual property rights could be costly and time-consuming and could result in the impairment or loss of portions of Artificial Solutions' intellectual property including valuable aforesaid U.S. patents. In addition, given the high ratio of patents registered in the United States, it is generally speaking not always possible in the United States to recoup litigation costs even if Artificial Solutions would be successful in protecting its IPR in court. Furthermore, Artificial Solutions' efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of Artificial Solutions' intellectual property rights. Accordingly, Artificial Solutions may not be able to prevent third parties from infringing upon or misappropriating Artificial Solutions' intellectual property. Artificial Solutions' failure to secure, protect and enforce its intellectual property rights could materially adversely affect its business. Further, Artificial Solutions may in the future not be able to obtain patents, and it is possible that future applications may not result in the issuance of patents. Any failure or inability to obtain or maintain adequate protection of the Company's intellectual property rights for any reason could have material adverse effect on Artificial Solutions' net sales or net result.

Artificial Solutions also faces a risk of claims that the Company has infringed the intellectual property rights of third parties. This risk is further enhanced by the fact that the Company has licensed its products to numerous third parties in various jurisdictions and as part of such license agreements undertaken to indemnify such parties if Artificial Solutions' intellectual property rights is held to infringe the intellectual property rights of these parties. There is considerable intellectual property development activity in the Company's industry and Artificial Solutions' success depends on not infringing upon the intellectual property rights of others. Artificial Solutions' competitors, as well as a number of other entities and/or individuals, may own or claim to own intellectual property relating to Artificial Solutions' industry, and the Company cannot assure potential investors that actions by third parties alleging infringement by the Company of third-party patents will not be asserted or prosecuted against Artificial Solutions. Furthermore, Artificial Solutions may be unaware of the intellectual property rights that others may claim cover some or all of Artificial Solutions' technology or service. Accordingly, Artificial Solutions may be drawn into court proceedings for alleged infringement of the rights of others. If this happens, there is a risk that Artificial Solutions may be liable to pay significant damages or settlement costs, including royalty payments, or be obliged to indemnify its customers or business partners, which could be costly and have a negative impact on Artificial Solutions' net result. Whilst to date, there have not been any patent infringement claims made against the Company, the Company estimates the level of the risk as medium.

Artificial Solutions is exposed to tax-related risks

Artificial Solutions' tax burden could significantly increase due to changes in tax laws or regulations. Changes in the tax rules may adversely impact Artificial Solutions both as one-time effects, such as revaluations of tax assets and liabilities, and on a recurring basis. There are also risks in the interpretation or application of tax rules that may result in an increased tax burden for Artificial Solutions. Additional taxes (including, but not limited to, income taxes, withholding taxes, real estate taxes, capital taxes, stamp duties and value-added taxes) could be assessed against Artificial Solutions and lead to an increase in Artificial Solutions' tax liabilities.

Due to the international nature of Artificial Solutions' business, Artificial Solutions is subject to various tax laws and regulations of several jurisdictions. Both the rules governing in which jurisdictions Artificial Solutions is liable to tax and rules on how Artificial Solutions' burden shall be distributed between jurisdictions include interpretations that differ from time to time and from jurisdiction to jurisdiction. International transfer pricing guidelines require related enterprises in the Group to conduct all inter-company transactions on an arm's length basis, but the guidelines will be subject to the interpretation by the individual jurisdictions. Tax authorities may in the future challenge Artificial Solutions' compliance with applicable rules. This may in the future result, in disputes or litigation, the outcome of which may adversely impact Artificial Solutions' tax position. Further, Artificial Solutions may grow by means of acquisitions. Acquisition generally entail exposures of current and future tax positions relating to the targets of the acquisitions.

Any such additional tax exposure in relation to the above could have an adverse effect on Artificial Solutions' net results. The Company estimates the level of the risk as medium.

Artificial Solutions' business is subject to regulations and regulatory supervision

Artificial Solutions is an international company with operations in eight countries and customers in 13 countries, further it relies on the Internet in order to deliver its services and to allow customers to download the software. As such it is exposed to different regulatory risks in the countries and regions in which it operates, and it is possible that the Company is not complying with the laws and regulations in all relevant jurisdictions. New laws and regulations, including ethical rules, could be adopted in a variety of countries in which Artificial Solutions operates, including Sweden, other states within the European Union, and the United States, which could address issues applicable to Artificial Solutions' business, including: sales and other taxes, privacy restrictions, artificial intelligence, pricing controls, characteristic and quality of services, consumer protection, cross border commerce, libel and defamation, copyright, trademark and patent infringement, storage and use of customer data, location of server centers and other claims based on the nature and content of Internet materials. For example, Artificial Solutions has in 2019 taken steps to ensure compliance with changes in data

protection legislation globally including the new California Consumer Privacy Act which has required the Company to ensure compliance of its systems as well as assisting customers to ensure that solutions implemented using the Teneo Platform comply with the new requirements. In respect of Data Protection, Artificial Solutions is generally in the position of Data Processor for its customers but where the Company assists customers to build solutions it has a duty to ensure the customer is aware of, and can manage, its legal obligations to protect data. Similar laws and regulations could impact the manner in which Artificial Solutions provides its services and solutions and may increase the potential liabilities associated with operating in the enterprise for Conversational AI. As the AI-industry expands into new countries and regions, there is a risk that the applicable laws and/or regulations in those jurisdictions will not be equivalent to those laws and/or regulations with which Artificial Solutions already complies. If Artificial Solutions is not able to satisfy its regulatory requirements, it could be subject to significant penalties or liabilities and its growth could be harmed, which could have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. Changes in regulation could also slow the growth of the Internet, which could, in turn, delay the growth in the Conversational AI market and have a material adverse effect on Artificial Solutions' business, financial position or results of operations. Changes in regulations related to the Internet may also diminish the demand for Artificial Solutions' services and solutions and could have a negative impact on Artificial Solutions' business. Government bodies and agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium, and changes in these laws or regulations could require Artificial Solutions to modify its services and solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications generally or result in reductions in the demand for Internet-based software and services solutions that are offered by Artificial Solutions.

In addition, as a service provider, the Company must adapt to regulatory changes applicable in the various industries in which Artificial Solutions' customers operate, and Artificial Solutions is thus exposed to risks arising from regulations that impact its customers. Changes in regulations impacting its customers may require Artificial Solutions to adjust its systems, software or operations in order to continue to provide services to its existing customers or to qualify for required certifications or fulfill regulatory standards, which could result in an increase in research and development costs and other costs, and may have a material adverse effect on Artificial Solutions' operating expense or net result. The Company estimates the level of the risk as medium.

Artificial Solutions may be liable to pay fines or damages for improper handling of personal data and Artificial Solutions need to comply with data protection legislation

Artificial Solutions processes personal data in its operations and is therefore covered by the General Data Protection Regulation ("GDPR") since 25 May 2018. In general terms, the processing of customer data and personal data is among the riskier processing operations the Company performs from a privacy perspective due to its potential impact on customer relations. Artificial Solutions considers itself a data processor in relation to customer data, and consequently, its customers are data controllers. Artificial Solutions' data privacy liability is limited if it acts in accordance with its data processing obligations under the data processing agreement and the relevant customer agreement. The customers are responsible for ensuring that it has a legal basis when engaging Artificial Solutions and using its services and solutions.

The GDPR is a comprehensive legislative framework which requires companies to understand, control and document how they process personal data. Moreover, the application of the GDPR is subject to interpretation and development. There is a risk that the regulation may be interpreted and applied in conflict with each other in different jurisdictions and in a way that is not in line with the Group's current data protection practices. If Artificial Solutions processes personal data in breach of the regulation, the Group may be subject to administrative fines of up to EUR 20 million, or four per cent of the Group's annual worldwide turnover, and damages. In addition to the said consequences, Artificial Solutions may be subject to civil and criminal law disputes and may be affected by negative publicity, which could have a material adverse effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as medium.

A change of ownership may lead to loss of Artificial Solutions' tax losses carried forward

As of 31 December 2018, the Group had accumulated tax losses carried forward of approximately SEK 746 million, which may in the future reduce the Group's potential taxable profits, thus reducing corporate taxation arising from potential future profits. The Group's ability to utilize tax losses in the future may be limited or eliminated as a result of future changes in tax legislation or, pursuant to current rules, as a result of ownership changes. If the tax losses carried forward cannot be used to reduce future profits, it means that the Group's tax costs will be higher, which will have a negative impact on the Group's net result. The Company estimates the level of the risk as medium.

Artificial Solutions may in the future be involved in government procedures, litigation and other similar procedures that could adversely affect Artificial Solutions business, result and financial position

In December 2018, Artificial Solutions Holding issued bonds to an amount of SEK 52 million with the final maturity date on 5 June 2020. The bond terms contain customary terms and commitments. The bond terms also contain a right for the bondholders to, under certain conditions, request that Artificial Solutions Holding to repurchase the bonds at a price equal to 103 per cent of the nominal amount together with accrued but unpaid interest. One condition that triggers the right to request the mandatory repurchase is if Artificial Solutions' (previously Indentive AB) acquisition of all shares in Artificial Solutions Holding, i.e. the Reverse Takeover, had not occurred prior to 31 March 2019. At that date, Artificial Solutions had formally completed the acquisition of 99.3 per cent of all issued shares in Artificial Solutions Holding. In order to ensure that Artificial Solutions would gain control of all issued shares in Artificial Solutions Holding a "drag along clause" was called for by Scope, under a shareholders' agreement, on 15 March 2019, regarding the shares for which the acquisition had not yet been formally completed, i.e., the remaining 0.7 per cent.

One of the bondholders is of the opinion that Artificial Solutions Holding had failed to fulfil its obligations under the bond terms by not formally completing the acquisition prior to 31 March 2019 and therefore requested Artificial Solutions Holding to repurchase the bonds. Artificial Solutions Holding and the bondholder do not agree on the interpretation of the terms and the bondholder has therefore brought action against Artificial Solutions Holding in the Stockholm district court (Sw. *Stockholms tingsrätt*), claiming the bonds to be repurchased at a price equal to 103 per cent of the nominal amount together with accrued but unpaid interest and an additional 6 per cent annual interest on the nominal value from 1 September 2019. The bondholder holds bonds with a total nominal value of SEK 10 million. Artificial Solutions Holding has contested the bondholders' claim and the process is ongoing.

Artificial Solutions may also in the future be involved in further disputes within the scope of its normal business activities and may be subject to civil law claims and disputes concerning, among other things, customer agreements and shortcomings in the services and solutions delivered. Such disputes and procedures may be time consuming, disturb normal operations, adversely affect customer relations and cause significant costs. In addition, it may be difficult to predict the outcome of complex disputes, claims, investigations and processes. Disputes, claims, investigations and procedures could adversely effect on Artificial Solutions' net sales, operating expense or net result. The Company estimates the level of the risk as low.

RISKS RELATING TO THE SHARE

The share price may be volatile or decrease and the liquidity of Artificial Solutions' shares may be limited

An investment in Artificial Solutions shares is associated with a risk that the investor will not recover his or her invested capital. During the period 30 June–31 December 2019, the minimum share price was SEK 6 and the maximum share price was SEK 27.6. The price at which the shares are traded and the price at which investors can make their investments are affected by a number of factors, some of which are specific to Artificial Solutions and its operations, while others are general for listed companies. The share price may be adversely affected by, for example, market volatility, that shares in the Company may be divested on the market to an unusual extent or as a result of the expectation that such divestiture will occur. Limited liquidity in Artificial Solutions can further help strengthen the fluctuations in the share price. Limited liquidity in the Company's shares can also cause problems for individual shareholders to divest their shares. There is a risk that Artificial Solutions shares cannot be sold at a price acceptable to the holder, or at all, at any time. The Company estimates the level of the risk as high.

Major shareholders will exercise significant influence over Artificial Solutions' business and have the opportunity to influence issues that require shareholders' approval

As of 31 December 2019, the Principal Owner holds 10,833,878 shares in Artificial Solutions, corresponding to approximately 43.84 per cent of the total number of shares and votes in the Company. The Principal Owner will continue to have a significant influence over the outcome of cases referred to Artificial Solutions' shareholders for approval, such as election of the board, issue of additional shares and share-related securities that may result in dilution for existing shareholders as well as decisions on possible dividends. In addition, the Principal Owner may have a significant influence over Artificial Solutions' business management and business.

The Principal Owner's interests may differ materially from, or compete with, Artificial Solutions or other shareholders' interests, and it is possible that the Principal Owner will exercise his or her influence over Artificial Solutions in a manner that does not promote the interests of other shareholders. For example, there may be a conflict of interests between the Principal Owner, on the one hand, and the Company or other shareholders, on the other hand, in the case of decisions regarding profit distribution. The Company estimates the level of the risk as medium.

Future dividends from Artificial Solutions depend on many different factors and may be omitted or varied

Artificial Solutions has a long-term ambition to pay dividends to the shareholders. Artificial Solutions will prioritize growth over the next few years and generated profits will be set aside for business development. Therefore, no dividend distribution

is planned in the near future. Dividend distribution can be considered when the Company's earnings and financial position permits.

Artificial Solutions' ability to pay dividends in the future depends on many factors, including the Company's future profit, financial position, cash flows, working capital needs, investment costs and other factors. Artificial Solutions may not have enough distributable funds, and the Company's shareholders may decide not to pay dividends. The Company estimates the level of the risk as medium.

Future sales of large shareholdings, for example after the end of lock-up periods, may cause the share price to fall

Artificial Solutions' share price may decrease if there is extensive sale of shares in the Company, in particular in the case of sales from Artificial Solutions' board members, senior executives and major shareholders.

Members of the executive management and other persons employed by, or in other ways associated with, Artificial Solutions (together holding approximately 2.69 per cent of the shares in the Company) have undertaken to the benefit of the financial adviser for the Reverse Takeover, with customary reservations, not to sell their respective holdings or otherwise enter into transactions with similar effect for a period of 360 days after the first day of trading in the shares of Artificial Solutions commenced on Nasdaq First North Growth Market on 12 March 2019.

Scope has undertaken to the benefit of the financial adviser for the transaction and the Company not to sell their respective holdings or otherwise enter into transactions with similar effect for a period of six (6) calendar months after the last day of the subscription period for the Rights Issue. The lock-up is subject to customary reservations and reservations for disposal of shares as a result of or in accordance with an already existing pledge or financing agreement.

The lock-up commitments limit the possibility for shareholders who are subject to such lock up to sell their shares during the lock-up period, but the respective financial adviser may, at its sole discretion and at any time, decide to grant exemptions from the restrictions on share sales during the respective period. After the applicable lock-up period has expired, the shareholder affected by the lock-up period is free to sell their shares.

The sale of a large number of shares from Scope or Artificial Solutions' other current shareholders, or the perception that such sales may occur, may adversely affect the share price and make it difficult for shareholders to sell their shares at a time or at a price that they consider appropriate. The Company estimates the level of the risk as medium.

RISKS RELATING TO THE RIGHTS ISSUE

Trading in subscription rights and paid subscribed shares (BTA) may be limited

Subscription rights and paid subscribed shares ("BTA") will be subject to trading on Nasdaq First North Growth Market for a limited period of time. Trading in these instruments may be limited, which may cause problems for individual holders in selling their subscription rights and/or BTA. This implies that the holders of subscription rights may not be able to compensate themselves for the economic dilution effect caused by the Rights Issue, and that the holders of BTA may not be able to realize the value of their BTA before these instruments have been re-registered as shares. Limited liquidity could also enhance fluctuations in the market price of subscription rights and BTA. Consequently, the pricing of these instruments risks to be incorrect or misleading. The Company estimates the level of the risk as medium.

Non-secured subscription commitments and declarations of intent

Artificial Solutions principal owner Scope and a number of other shareholders, including SEB-stiftelsen and Vencom Group Holding BV, which together owns approximately 54.84 per cent of the shares in Artificial Solutions, have through subscription commitments undertaken to subscribe for shares at a value of approximately SEK 52 million in the Rights Issue. In addition, some of the Company's board members and several of the Company's larger shareholders, including AFA Försäkring, Tiberon AB, C-WorldWide Asset Management, have declared its intention to subscribe for their respective pro-rata shares. Together with the subscription commitments, about SEK 77 million of the Rights Issue is thereby covered by subscription commitments and declarations of intent, corresponding to approximately 63.7 per cent of the Rights Issue. However, the subscription commitments are not secured through, for example, bank guarantees and the concluded declarations of intent to subscribe for shares are not legally binding. Consequently, there is a risk that one or several of the above-mentioned parties will not be able to fulfil their respective commitments. If the aforementioned subscription commitments or declarations of intent are not fulfilled, it would have an adverse effect on Artificial Solutions' ability to successfully implement the Rights Issue. The Company estimates the level of the risk as low.

TERMS AND CONDITIONS OF THE SECURITIES

GENERAL INFORMATION

The Prospectus refers to subscription of shares in Artificial Solutions with preferential rights for existing shareholders. The new shares are of the same class, not subject to any restrictions on transferability and are issued in accordance with Swedish Law. The ISIN code of the Company's share is SE0012323756. The currency of the Offering is SEK.

THE RIGHTS ISSUE

Artificial Solutions board of directors resolved on 12 December 2019, subject to approval of general meeting, to increase the Company's share capital by a maximum of SEK 33,359,396.97 by issuing a maximum of 18,532,998 shares with preferential right for existing shareholders. The board of director's resolution regarding the Rights Issue was approved at an extraordinary general meeting held on 8 January 2020. Shareholders in Artificial Solutions receive one (1) subscription right for each share held on the record date on 22 January 2020. Four (4) subscription rights entitle to subscription of three (3) new shares at a subscription price of SEK 6.5. The subscription period runs from and including 24 January 2020 up until and including 11 February 2020. The new shares are expected to be registered at the Swedish Companies Registration Office about 27 February 2020. The date is preliminary and may be subject to change.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

In general

The shareholders rights, including the rights set out in the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

Voting right at general meetings

Each share in the Company entitles the shareholder to one vote at general meetings, and each shareholder is entitled to vote for the total number of shares which the shareholder holds in the Company.

Preferential right to new shares etc.

If Artificial Solutions issues new shares, warrants or convertibles in a cash or set-off issue, the shareholders, as a general rule, have pre-emption rights to subscription in proportion to the number of shares held prior to the issue. However, there are no provisions in the Company's articles of association that limit the possibility to, in accordance with the Swedish Companies Act, issue new shares, warrants or convertibles with deviation from the shareholders pre-emption rights.

CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered in a central securities depository (CSD) register in accordance with the Swedish Central Securities Depositories and Financial Instruments Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). This register is managed by Euroclear Sweden (Euroclear Sweden AB, Box 191, 101 23 Stockholm). No share certificates have been issued for the Company's shares.

AUTHORIZATIONS

The annual general meeting held on 28 February 2019 resolved to authorize the board of directors to, within the scope of the articles of association applicable when the board of directors utilizes the authorization, up until the next annual general meeting, on one or several occasions, with preferential right for Artificial Solutions' shareholders, resolve on an increase of the Company's share capital by issuing new shares of series B, warrants and/or convertibles. Payment shall be made in cash, by set-off or in kind, or otherwise with conditions. Furthermore, the annual general meeting resolved to authorize the board of directors to, within the scope of the articles of association applicable when the board of directors utilizes the authorization, up until the next annual general meeting, on one or several occasions, without preferential right for Artificial Solutions' shareholders, resolve on an increase of the Company's share capital by issuing new shares of series B, warrants and/or convertibles. The authorization may not be used to issue more than a total number of shares corresponding to twenty (20) per cent of the total number of issued shares at the time of the utilization of the authorization.

The extraordinary general meeting held on 8 January 2020 resolved to authorize the board of directors to, within the scope of the articles of association applicable when the board of directors utilizes the authorization, up until the next annual general meeting, on one or several occasions, with preferential right for Artificial Solutions' shareholders, resolve on an increase of the Company's share capital by issuing new shares of series B, warrants and/or convertibles. Payment shall be made in cash, by set-off or in kind, or otherwise with conditions. Furthermore, it resolved to authorize the board of directors to, within the scope of the articles of association applicable when the board of directors utilizes the authorization, up until the next annual general meeting, on one or several occasions, without preferential right for Artificial Solutions' shareholders, resolve on an increase of the Company's

share capital by issuing new shares of series B, warrants and/or convertibles. The authorization may not be used to issue more than a total number of shares corresponding to twenty (20) per cent of the total number of issued shares at the time of the utilization of the authorization.

On the same extraordinary general meeting held on 8 January 2020, it was resolved to authorize the board of directors to, in the event of over-subscription in the Rights Issue, no later than 31 March 2020, without preferential right for Artificial Solutions' shareholders, on one or several occasions, resolve on an increase of the Company's share capital through a directed issue of shares (over-allotment option) with an additional amount not exceeding approximately SEK 30 million through an issue of no more than 4,615,500 additional shares. The board of directors shall have the right to decide to who the new shares shall be allocated. Share issue pursuant to this authorization shall be made at a subscription price of SEK 6.5 per share.

PUBLIC TAKEOVER BIDS AND COMPULSORY REDEMPTION

If a public takeover bid is made regarding the shares in Artificial Solutions, as of the day of the Offering Circular, the Takeover rules for certain trading platforms (the "**Takeover rules**") will apply.

If the board or CEO of Artificial Solutions has, due to information originating from the actor who intends to submit a public takeover bid for shares in the Company, legitimate cause to assume that such an offer is imminent, or if such an offer has been submitted, Artificial Solutions may, in accordance with the Takeover rules, only take action to create less favorable conditions for the submission or execution of the offer as a result of a resolution passed by a general meeting. Notwithstanding this, Artificial Solutions may seek alternative offers. In a public takeover bid, shareholders are free to decide whether they wish to divest their shares in the public takeover bid. Following a public takeover bid, the bidder might under certain conditions be entitled to squeeze-out the remaining shareholders in accordance with the squeeze-outs rules in Section 22 of the Swedish Companies Act.

The Company's shares are not subject to any offer made as a result of a mandatory offering, squeeze-out or sell-out procedure. No public takeover bid has been made for the offered shares during the current or preceding financial year.

DETAILS OF THE OFFER

PREFERENTIAL RIGHTS AND SUBSCRIPTION RIGHTS

Those parties who, as of the record date of 22 January 2020, are registered as shareholders in the shareholders' register maintained by Euroclear Sweden on behalf of Artificial Solutions have preferential rights to subscribe for new shares in the Rights Issue in relation to the number of shares held on the record date. Such shareholders in Artificial Solutions will receive one (1) subscription right for each share owned at the record date. Four (4) subscription rights entitle to subscription of three (3) new shares. Only a whole number of shares can be subscribed for.

The Rights Issue will, on full subscription, entail that the number of shares in the Company will increase from 24,710,665 to 43,243,663, corresponding to an increase of 75.0 per cent. Shareholders who choose not to subscribe for shares under the Rights Issue will be diluted by a maximum of approximately 42.9 per cent in terms of votes and shares, excluding any dilution that could arise if the Over-allotment Option is exercised. Shareholders who choose to not participate in the Rights Issue can compensate themselves financially for the dilutive effect by selling their subscription rights.

SUBSCRIPTION PRICE

The new shares in Artificial Solutions will be issued at a subscription price of SEK 6.50 per share. No commission will be charged.

RECORD DATE

The record date at Euroclear for determining who is entitled to receive subscription rights in the Rights Issue is 22 January 2020. The last day of trading in the shares including a right to participate in the Rights Issue is 20 January 2020. The shares will be traded excluding the right to participate in the Rights Issue from and including 21 January 2020.

SUBSCRIPTION PERIOD

Subscription for new shares under the Rights Issue is to take place during the period from and including 24 January 2020 up to and including 11 February 2020. Artificial Solutions' board of directors is entitled to extend the subscription period. Such an extension will be announced through a press release no later than 11 February 2020.

DIRECTLY REGISTERED SHAREHOLDERS

A pre-printed issue statement with an attached payment slip (Sw. *bankgiroavi*) will be sent to shareholders, or representatives of shareholders, in Artificial Solutions who, on the record date of 22 January 2020 are registered in the shareholders' register maintained by Euroclear. The pre-printed issue statement sets forth, inter alia, the number of subscription rights received and the full number of shares that may be subscribed for. No separate securities notification (Sw. *VP-avi*) will be issued regarding the registration of subscription rights in shareholders' securities accounts (Sw. *VP-konto*). Those parties included in the separate list of pledge holders and trustees maintained in connection with the shareholders' register will not receive any issue statement and will be informed separately.

NOMINEE-REGISTERED SHAREHOLDERS

Shareholders whose holdings of shares in the Company are nominee-registered at a bank or other nominee will not receive any issue statement from Euroclear. Instead, application for subscription and payment should be carried out in accordance with the instructions from the respective nominee.

SHAREHOLDERS RESIDENT IN CERTAIN UNAUTHORISED JURISDICTIONS

The allotment of subscription rights and the allotment of new shares through exercise of subscription rights to persons who are residents outside of Sweden may be affected by the securities legislations in such countries. As a result, subject to certain possible exceptions, shareholders whose existing shares are directly registered in securities accounts with addresses registered in the United States, Canada, Japan, Australia, Hong Kong, New Zealand, Switzerland, Singapore, South Africa or any other jurisdiction in which it would not be allowed to offer subscription rights or new shares will not receive any subscription rights, nor be allowed to subscribe for new shares. In other countries than Sweden, which also are members of EEA and have implemented the Prospectus Directive, an offering of securities can only be made in accordance with exemptions in the Prospectus Directive as well as each relevant implementation measure (including measures for implementation of the Prospectus Directive). The subscription rights which would otherwise have been delivered to such shareholders will be sold and the sales proceeds, with deductions for costs, will be paid out to the relevant shareholders, to the income account which is connected to the securities account. Amounts below SEK 100 will not be paid out.

TRADING IN SUBSCRIPTION RIGHTS

Subscription rights will be traded on Nasdaq First North Growth Market during the period from and including 24 January 2020 up to and including 7 February 2020 under the ticker "ASAI TR". The ISIN code for the subscription rights is SE0013647351. Upon the sale of subscription rights, both the primary and subsidiary preferential right will be transferred to the new holder.

SUBSCRIPTION FOR NEW SHARES WITH SUBSCRIPTION RIGHTS

Subscription for shares with subscription rights will be carried out through payment during the period from and including 24 January 2020 up to and including 11 February 2020. Upon expiry of the subscription period, unexercised subscription rights will lapse and become worthless. Unexercised subscription rights will thereafter, without special notice from Euroclear, be deregistered from each shareholder's securities account.

To ensure that the value of the subscription rights is not lost, the holder must either:

- exercise the subscription rights to subscribe for new shares no later than 11 February 2020, or according to instructions received from the subscriber's nominee; or
- sell the subscription rights that have not been exercised no later than 7 February 2020.

DIRECTLY REGISTERED SHAREHOLDERS RESIDENT IN SWEDEN

For directly registered shareholders, subscription for new shares with subscription rights is done through simultaneous cash payment which shall be received by Aktieinvest no later than 17:00 (CET) on 11 February 2020, through one of the following alternatives:

A. ISSUE STATEMENT – PRE-PRINTED PAYMENT FORM

The pre-printed payment slip shall be used if all subscription rights received according to the issue statement from Euroclear are to be exercised. No additions or amendments may be made to the form or in the amount to be paid.

B. APPLICATION FORM (I) – SUBSCRIPTION WITH SUBSCRIPTION RIGHTS

If subscription rights have been acquired or divested or if, for any other reason, the number of subscription rights exercised for subscription differs from the number of subscription rights specified in the issue statement from Euroclear, the application form (I) for subscription of shares with subscription rights is to be used to subscribe for new shares. Note that payment is to be made for the subscribed shares according to the instructions on the application form at the same time as the application form is submitted to Aktieinvest. In this case, the pre-printed payment form from Euroclear is not to be used.

Application form (I) can be ordered from Aktieinvest by phone +46 8 5065 1795 or by email emittentservice@aktieinvest.se.

Completed application form shall be received by Aktieinvest at the address or email below, no later than 17:00 (CET) on 11 February 2020.

Aktieinvest FK AB
Emittentservice
Box 7415
SE-103 91 Stockholm
Street address: Berzelii Park 9, Stockholm
Telephone: +46 8 5065 1795
Email: emittentservice@aktieinvest.se (scanned application forms)

Application forms sent by post should be sent in due time before the last day to subscribe. Note that the application is binding and no changes or amendments may be done in pre-printed text on the application form. Incomplete or incorrectly completed application forms, as well as application forms which are not accompanied by the required identity and authority documents, may be disregarded. Only one application form per subscriber will be considered. Should several application forms be submitted by the same subscriber, Aktieinvest reserves the right to only consider the last received application form.

If the subscription payment is made late, is insufficient or is paid incorrectly, the application to subscribe may be disregarded. Any payments that have been made will be repaid in such cases. No interest will be paid on such payments.

DIRECTLY REGISTERED SHAREHOLDERS NOT RESIDENT IN SWEDEN WHO ARE ELIGIBLE TO SUBSCRIBE FOR NEW SHARES WITH SUBSCRIPTION RIGHTS

Directly registered shareholders who are eligible to subscribe for new shares with subscription rights, who are not resident in Sweden, are not subject to the restrictions described above under Shareholders resident in certain unauthorised jurisdictions and cannot use the pre-printed payment slip, can instead pay the subscription payment in SEK through a foreign bank in accordance with the instructions below:

Account holder: Aktieinvest FK AB
IBAN: SE283000000032191710964
BIC: NDEASESS
Bank: Nordea Bank

Upon payment, the subscriber's name, securities account number and the OCR reference number on the issue statement must be stated. Payment must be received by Aktieinvest not later than 11 February 2020.

If the number of shares subscribed for differs from the number of shares specified in the issue statement, an application form (I) is to be used instead. Application forms can be ordered by contacting Aktieinvest during office hours at telephone number +46 8 5065 1795 or by email emittentservice@aktieinvest.se. Application form and payment must be received by Aktieinvest no later than 17:00 (CET) on 11 February 2020.

NOMINEE-REGISTERED SHAREHOLDERS

Nominee-registered shareholders who wish to subscribe for shares in the Rights Issue with subscription rights must apply to subscribe for shares in accordance with the instructions from their nominees.

PAID SUBSCRIBED SHARES

After payment and subscription, Euroclear will distribute a securities notification confirming the registration of the paid subscribed shares (Sw. *betalda tecknade aktier*; "BTA") in the securities account. New shares will be registered as BTA in the securities account until such time as the Rights Issue has been registered with the Swedish Companies Registration Office. New shares subscribed for with subscription rights are expected to be registered with the Swedish Companies Registration Office around 27 February 2020. Thereafter, BTAs will be converted into shares. Delivery of the issued shares is expected around 3 March 2020. No securities notification will be sent out in conjunction with the conversion of BTAs to shares. Holders of nominee-registered depository accounts will receive BTA and information in accordance with the procedures of the respective nominee.

BTA will be admitted to trading on Nasdaq First North Growth Market from and including 24 January 2020 up to and including 26 February 2020 under the ticker "ASAI BTA". The ISIN code for the BTA is SE0013647369.

SUBSCRIPTION FOR NEW SHARES WITHOUT SUBSCRIPTION RIGHTS AND ALLOTMENT

Subscription for new shares may also be made without subscription rights, i.e. subscription without preferential rights. Subscription without preferential rights may be done during the same time period as for subscription with preferential rights, i.e. from and including 24 January until 17:00 (CET) on 11 February 2020.

DIRECTLY REGISTERED SHAREHOLDERS AND OTHERS

Applications for subscription of new shares without preferential rights must be made on application form (II). Such application form can be obtained from Aktieinvest per phone +46 8 5065 1795 or through its website www.aktieinvest.se, or from Artificial Solutions' website, www.artificial-solutions.com. Completed applications forms shall be received by Aktieinvest at the address or email below, no later than 17:00 (CET) on 11 February 2020.

Aktieinvest FK AB
Emittentservice
Box 7415
SE-103 91 Stockholm
Street address: Berzelii Park 9, Stockholm
Telephone: +46 8 5065 1795
Email: emittentservice@aktieinvest.se (scanned application forms)

Note that the application is binding and no changes or amendments may be done in pre-printed text on the application form. Incomplete or incorrectly completed application forms, as well as application forms which are not accompanied by the required identity and authority documents, may be disregarded or subscription may be deemed to have been made for a lower amount. Payments which have not been claimed will in such cases be repaid. No interest will be paid out for such payments. In the case of subscription without subscription rights for an amount corresponding to more than EUR 15,000, certified ID and KYC documents shall be enclosed. Only one application form per subscriber will be considered. Should several application forms be submitted by the same subscriber, Aktieinvest reserves the right to only consider the last received application form.

Subscription may also be done electronically using a BankID. Go to www.aktieinvest.se/artificalsolutions2020 and follow the instructions.

NOMINEE-REGISTERED SHAREHOLDERS

Holders of depository accounts and nominees who wish to subscribe for shares without subscription rights must apply to subscribe in accordance with the instructions from their nominee or nominees, who will also process allotment notifications and other questions.

ALLOTMENT POLICY

In the event that not all subscription rights are exercised to subscribe for new shares, the board of directors will decide, within the limits of the maximum amount set in the Rights Issue, on the allotment of the new shares subscribed for without preferential rights. In the event of oversubscription, allotment will take place according to the following allotment principles:

- Shares subscribed for will firstly be allotted to those who subscribed for shares by exercise of subscription rights (regardless of whether or not the subscriber was a shareholder on the record date). Allotment shall in these cases be made pro rata in relation to the number of subscription rights exercised for subscription.
- Shares will secondly, if not all shares have been allotted as above, be allotted to parties who have given notice of subscription without the exercise of subscription rights, pro rata in relation to the number of shares for which each party has given notice of subscription and, insofar as this is not possible, by drawing of lots.

CONFIRMATION OF ALLOTMENT OF NEW SHARES SUBSCRIBED FOR WITHOUT SUBSCRIPTION RIGHTS

On or about 14 February 2020, as confirmation of allotment of new shares subscribed for without subscription rights, a contract note will be dispatched. Trading in new shares will not commence before the confirmation has been sent out. No confirmation will be sent to those who have not been allotted

new common shares. Payment for the subscribed and allotted new shares is to be made in cash and the payment must be received by Aktieinvest no later than on the settlement day 19 February 2020, in accordance with the instructions on the contract note. Should payment not be made in due time, the shares may be transferred to another. If the price at the time of such transfer is below the issue price, the one who originally received allotment may be responsible for the whole, or parts of, the difference.

TRADING IN NEW SHARES

Artificial Solutions' shares are traded on Nasdaq First North Growth Market. The new shares will also be traded on Nasdaq First North Growth Market following the Swedish Companies Registration Office's registration of the Rights Issue. Such trading with shares converted from BTA are expected to commence on or about 3 March 2020.

IRREVOCABLE SUBSCRIPTION

The Company is not entitled to revoke the Rights Issue. Subscription of new shares, with or without subscription rights, is irrevocable and the subscriber may not withdraw or change a subscription for new shares. Should several application forms be submitted by the same subscriber, Aktieinvest reserves the right to only consider the last received application form.

ANNOUNCEMENT OF THE OUTCOME OF THE RIGHTS ISSUE

The outcome of the Rights Issue will be disclosed in a press release as soon as it becomes known to the Company, which is expected to take place on or around 14 February 2020.

INFORMATION ABOUT PROCESSING OF PERSONAL DATA

Parties who subscribe for, or apply to subscribe for, shares under the Rights Issue will submit personal data to Aktieinvest. Personal data submitted to Aktieinvest will be processed in computer systems to the extent required to administer the Rights Issue. Personal data obtained from sources other than the party in question may also be processed. Personal data may also be submitted to and processed by Pareto Securities and Artificial Solutions. Information pertaining to the processing of personal data can be obtained from Aktieinvest, which is responsible for the processing of personal data. Aktieinvest will accept requests for the correction or deletion of personal data at the address listed in the section Addresses.

INFORMATION ABOUT LEI AND NCI NUMBER

According to the European Parliament's and the counsel's directive 2011/61/EU (MiFID II), all investors needs a global identification code in order to carry out security transactions since 3 January 2018. This requirement means that legal entities needs to apply for registration of a so called Legal Entity Identifier (LEI) and persons have to be aware of their National Client Identifier (NCI) in order to subscribe for shares in the Rights Issue. Note that it is the subscriber's legal status that prescribe whether a LEI code or a NCI code is required, and that Aktieinvest may be prohibited from carrying out the transaction on behalf of the subscriber if the LEI code or NCI code cannot be provided properly. Legal entities that need to acquire a LEI code should contact a LEI code provider. Instructions regarding the global LEI system is available at gleif.org. For Swedish citizens without any additional citizenships, the NCI code is "SE" followed by their personal identity number (Sw. *personnummer*). If the person is not a Swedish citizen, or has multiple citizenships, the NCI code may differ from this format. A person or legal entity that intends to subscribe for shares in the Rights Issue is advised to apply for a LEI code (legal entities) or find out their NCI code (persons) well in advance to be eligible to participate in the Rights Issue and/or be allotted new shares that are subscribed for without subscriptions rights.

OTHER INFORMATION

Aktieinvest act as the issuing agent in connection with the Rights Issue. The fact that Aktieinvest is the issuing agent does not imply that Aktieinvest views any party that applies to subscribe for shares under the Rights Issue as a customer. As a result, Aktieinvest will neither conduct a client classification nor a suitability assessment of the subscriber in accordance with the Securities Market Act (2007:528) with regards to this subscription. In the event that a larger amount than necessary has been paid by a subscriber for new shares, Artificial Solutions will arrange for the excess amount to be refunded. If the subscription payment is made late, is insufficient or is paid incorrectly, the subscription application may be disregarded entirely or subscription may be for a lower amount. Any payments that have not been claimed will be repaid in such cases. No interest will be charged on such payments. Financial information in this Prospectus has not been reviewed or audited, unless explicitly stated herein.

OVER-ALLOTMENT OPTION

In order to satisfy potential oversubscription of the Rights Issue, the extraordinary general meeting on 8 January 2020 decided to authorize the board of directors to decide upon a share increase of maximum 4,615,500 shares at a subscription price of SEK 6.50 per newly issued share (the "**Over-Allotment Option**"). If the Over-Allotment Option is fully exercised, it would correspond to an additional share capital increase of maximum SEK 8,307,900.14 and an additional increase in the number of shares of maximum 4,615,500. If both the Rights Issue and the Over-Allotment Option is fully subscribed, the share capital will increase by SEK 41,667,297.11. The Over-Allotment Option is conditional upon the Rights Issue being oversubscribed and would, at full exercise, generate approximately SEK 30 million in proceeds to the Company, before deduction of transaction costs, which are expected to amount to SEK 1.5 million. The reason for the Over-Allotment Option as well as the deviation from existing shareholders' preferential rights is to, in the case of oversubscription of the Rights Issue, be able to meet higher demand than initially anticipated as well as broaden the shareholder base with strategic investors.

Allotment of new shares in the Over-Allotment Option will be determined based on demand and to create a favorable shareholder base of strategic investors and large shareholders with a long-term interest in the Company, as well as achieve a favorable distribution of the Company's shares. Allotment will be determined by the board of directors without preferential rights for existing shareholders.

If the Over-Allotment Option is fully subscribed, the number of shares in the Company will amount to 47,859,163. At full exercise of both the Rights Issue and the Over-Allotment Option, the dilution effect will be about 48.4 per cent of the number of votes and shares in the Company.

Settlement of the shares in the Over-Allotment Option will be facilitated through a new series of BTA with a separate ISIN code.

LOCK-UP ARRANGEMENT

Senior executives and other people within or associated to Artificial Solutions (which collectively owns about 2.69 per cent of the shares in the Company) have committed in relation to the financial advisor of the transaction to, with customary reservations, not sell their respective shareholdings or in any other way participate in transactions with similar effect within 360 days after the first day of trading in the shares of Artificial Solutions commenced on Nasdaq First North Growth Market on 12 March 2019. The financial advisor may decide to, at any time or for any reason, allow exception from the sales restrictions imposed during the lock-up period.

The Principal Owner (which owns about 43.84 per cent of the shares in the Company) has committed in relation to the financial advisor of the transaction to, with customary reservations, not sell its shareholdings or in any other way participate in transaction with similar effect within six (6) calendar months commencing from the record date of the Rights Issue. The lock-up commitment is subject to customary reservations and reservations for disposal of shares as a result of or in accordance with an already existing pledge or financing agreement.

Upon expiry of the lock-up periods described above, the shares involved in such commitments may be offered for sale, which potentially could affect the market price of the Company's share.

SUBSCRIPTION COMMITMENTS AND DECLARATIONS OF INTENT

Artificial Solutions' Principal Owner, and a number of other shareholders, including SEB-stiftelsen and Vencom Group Holding BV which currently owns approximately 54.84 per cent of the outstanding shares, has made a subscription commitment to subscribe for shares to a value of approximately SEK 52 million in the Rights Issue. The Principal Owner has furthermore committed to, without compensation, transfer the subscription rights they are entitled to, but do not intend to use, to a new shareholder who intend to use these subscription rights to subscribe for shares in the Rights Issue. Pareto Securities will, administratively, facilitate the transfer of subscription rights from the Principal Owner to the new shareholder. For the avoidance of doubt, this declaration of intent is included in the total subscription commitments and declarations of intent that covers the Rights Issue.

In addition to the subscription commitments, some of the board of directors and several of the Company's larger existing investors, including AFA Försäkring, Tiberon AB, C-WorldWide Asset Management have declared intentions to subscribe for their pro rata share. Together with the subscription commitments, the Rights Issue is thereby covered by subscription commitments or declarations of intent of approximately SEK 77 million, corresponding to 63.7 per cent of the Rights Issue.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

According to Artificial Solutions' articles of association, the board of directors shall comprise of three to seven members, elected by the shareholders at a general meeting, with no more than three deputy members. Currently, Artificial Solutions' board of directors comprises six members including the chairman, with no deputy members, appointed for the period until the end of the 2020 annual general meeting.

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

| Name | Position | Elected | Independent in relation to the Company and the executive management | Independent in relation to major shareholders |
|---------------------|--------------|---------|---|---|
| Åsa Hedin | Chairman | 2019 | Yes | Yes |
| Johan Ekesiöö | Board member | 2019 | Yes | Yes |
| Bodil Eriksson | Board member | 2019 | Yes | Yes |
| Johan A. Gustavsson | Board member | 2019 | Yes | Yes |
| Fredrik Oweson | Board member | 2019 | Yes | No |
| Jan Uddenfeldt | Board member | 2019 | Yes | Yes |

BOARD OF DIRECTORS

**Assignment and elected:****ÅSA HEDIN**

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

JOHAN EKESIÖ

Born 1954.
Board member since 2019.

BODIL ERIKSSON

Born 1963.
Board member since 2019.

Education:

Master of Science in Biophysics, University of Minnesota, US. Bachelor's degree in Physics, Gustavus Adolphus College, US.

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

University studies, Uppsala University and RMI-Berghs.

Other current assignments:

Board member of Nolato AB, Tobii AB, Biotage AB, CellaVision AB, C-Rad AB, E. Öhman J:or Fonder AB, Stiftelsen Industrifonden and Fidesmo AB.

Chairman of the board of MetaForce AB and T&V Holding AB.
Chairman of the board and CEO of Johan Ekessiö AB.
Board member of Aktiebolaget Svensk Bilprovning, WTS Positioning Solutions AB, Hr Nordic Topco AS, Talentech AS and Lingit AS.

EVP of Volvo Cars of North America.
CEO of Volvo Car Mobility AB.
Chairman of the board of Sunfleet Carsharing AB. Board member of Swedbank AB.

Holdings in Artificial Solutions:

28,570 shares and
58,688 warrants.

44,000 shares and
34,235 warrants.

34,235 warrants.

**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.

Master of Science, Stockholm School of Economics.

Chairman of the board of Aros Bostadsutveckling AB, Vencom AB, Vencom Property Partners AB, Vencom Residential AB, Hop Lun International Ltd, Hobbex Modr AB, Hobbex Retail AB, Hober Medical AB, Improva Plastikkirurgi AB, Lidrup AB, Roslagsterminalen AB and Getängsvägen AB.

Board member of Vencom Group Holding BV, Vencom (HK) Ltd, Vencom S.a.s., VPP SARL, Aktiebolaget Couronne, Aros Bostad Invest AB, AOS Holding I AB, Hop Lun Scandinavia AB, Artificial Solutions Holding, Hobbex (HK) Ltd, Rockspring Retail Holding AB, Rockspring FSPS Holding Sweden AB, Nordic Flag Property AB, Foxco Fastighetsutveckling AB, Rockspring Lidingö Centrum AB, Rockspring Lidingö AB, Rockspring Lidingö II AB, Fastighetsaktiebolaget Hermius and Fastighetsaktiebolaget Hermius 1.

Deputy board member of Aros Bostadskapital 7 AB, Gamla Lantvägen AB, Bergidl AB, Saro Projekt AB, PRP Management AB and Melancholia AB.

579,115 shares through Vencom Group Holding BV, 121,000 shares through Aktiebolaget Couronne, and 34,235 warrants.

**FREDRIK OWESON**

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

Master of Business Administration, Stockholm School of Economics.

Chairman of the board of Artificial Solutions Holding.
Board member of Scope Capital SA and Woffel SA.

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**JAN UDDENFELDT**

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

Technology Doctor in Teletransmission theory, Royal Institute of Technology. Master of Science in Electrical Engineering, Royal Institute of Technology.

Board member of Artificial Solutions, Inc, Kaloom, Inc. and GLO AB.
Senior Advisor of Telefonaktiebolaget LM Ericsson and Sony Corporation America, Inc.
Advisory Board-member of Swift Navigation, Inc, Redshift Networks, Inc., Agnity Global, Inc. and Sentons USA, Inc.

2,999 shares and 34,235 warrants.

EXECUTIVE MANAGEMENT



| | LAWRENCE FLYNN | CHRIS BUSHNELL | ANDY PEART | ANDREAS WIEWEG | PETER ROOST |
|--|--|---|---|---|---|
| Assignment and elected: | Born 1964. CEO since 2019 (in Artificial Solutions Holding since 2010). | Born 1956. Chief Financial Officer since 2019 (in Artificial Solutions Holding since 2011). | Born 1963. Chief Marketing & Strategy Officer since 2019 (in Artificial Solutions Holding since 2010). | Born 1975. Chief Technical Officer since 2019 (in Artificial Solutions Holding since 2008). | Born 1957. Chief Operating Officer since 2019 (in Artificial Solutions Holding since 2011). |
| Education: | – | Chartered Accountant, Institute of Chartered Accountants in England and Wales. | First Class Honours Bachelor of Technology, Production Engineering & Management, Loughborough University. | University studies in Computer Science and Mathematics, Stockholm University. | Manufacturing & Industrial Management, degree level, Institute of Industrial Management, Gloucester College. Foundation, Chartered Accountancy, Bristol Polytechnic. Certified Production and Inventory Management. |
| Other current assignments: | Board member of NLISIP. | Board member of NLISIP. | Board member of NLISIP. | – | Board member of NLISIP. |
| Holdings in Artificial Solutions: | 8,399 shares and 244,536 warrants. Holds 36.13 per cent of NLISIP, which holds 466,194 shares. | 1,837 shares and 54,580 warrants. Holds 12.27 per cent of NLISIP, which holds 466,194 shares. | 1,837 shares and 54,580 warrants. Holds 10.22 per cent of NLISIP, which holds 466,194 shares. | 49,440 shares and 54,580 warrants. | 54,580 warrants and holds 12.27 per cent of NLISIP, which holds 466,194 shares. |

**DAVE PARSIN**

Born 1967.
Vice President, North America since 2019 (in Artificial Solutions Holding since 2013).

Bachelor of Science, Electrical Engineering, Stanford University.
Master of Business Administration, Harvard University.

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49,967 shares and 54,580 warrants

**GARETH WALTERS**

Born 1967.
Vice President, Innovation and Community since 2019. Employee of Artificial Solutions Holding since 2011.

Bachelor of Engineering and Master of Science, University of Wales.

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23,238 shares and 54,580 warrants. Holds 1.23 per cent of NLISIP, which holds 466,194 shares.

**RUSSELL TARR**

Born 1967.
Global Head of Sales since 2019 (in Artificial Solutions Holding since 2019).

General Certificate of Secondary Education, Malmesbury School.

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9,922 shares and 54,580 warrants. Holds 0.68 per cent of NLISIP, which holds 466,194 shares.

**CHRISTOPHER TEW**

Born 1964.
Vice President, Asia Pacific since April 2019

Bachelor of Science, Production Engineering, Kingston University.
Master of Science, Advanced Manufacturing Systems, Brunel University.

–

54,580 warrants.

**DARREN FORD**

Born 1972.
Vice President, Global Customer Services since 2019 (in Artificial Solutions Holding since 2017). Employed since 2016.

Bachelor of Science (Hons), Business Information Management Systems, University of Plymouth.

Board member of Key Scalability Ltd.

7,917 shares and 54,580 warrants.

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There are no family ties between the members of the board of directors and/or the executive management.

During the past five years, none of the members of the board of directors or members of the executive management has (i) been convicted in any fraudulent offence, (ii) been subject of any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies) due to criminal offence or (iii) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conducting the affairs of an issuer.

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. For information regarding certain related party transactions between Artificial Solutions and board members or members of the executive management, see section "*Information on shareholders and legal information – Related party transactions*".

None of the above members of the board of directors or the executive management has concluded any additional agreement with the Company or any of its subsidiaries relating to benefits after the end of the assignment.

All members of the board of directors and the executive management may be contacted at the Company's address, Stureplan 15, 111 45 Stockholm.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS, CEO AND EXECUTIVE MANAGEMENT

Remuneration to the members of the board of directors

Fees to the members of the board of directors, including the chairman, are resolved by the general meeting. At the annual general meeting held on 28 February 2019, it was resolved that fees are to be paid for the period until next annual general meeting with the amount of SEK 450,000 to the chairman of the board and SEK 300,000 to each of the other members of the board, except for Fredrik Oweson who has renounced compensation for 2019. The table below sets forth the compensation allocated to the members of the board of directors elected by the general meeting in accordance with the resolution above.

| (SEK) Name | Position | Board fees |
|---------------------|--------------|------------------|
| Åsa Hedin | Chairman | 450,000 |
| Johan Ekésiöö | Board member | 300,000 |
| Bodil Eriksson | Board member | 300,000 |
| Johan A. Gustavsson | Board member | 300,000 |
| Fredrik Oweson | Board member | 0 |
| Jan Uddenfeldt | Board member | 300,000 |
| Total | | 1,650,000 |

During the financial year of 2018, the total board fees paid to the members of the board of previously Indentive AB amounted to SEK 500,000. The table below sets forth the compensation allocated to the members of the board of directors elected by the general meeting for the financial year 2018.

| (SEK) Name | Position | Board fees |
|---------------------------------|--------------|----------------|
| Björn Persson ¹⁾ | Chairman | 200,000 |
| Jan Johansson ¹⁾ | Board member | 100,000 |
| Gunnar Jardelöv ¹⁾ | Board member | 100,000 |
| Mattias Andersson ¹⁾ | Board member | 100,000 |
| Total | | 500,000 |

1) Resigned from the board of directors of Artificial Solutions at the annual general meeting on 28 February 2019 in connection with the Reverse Takeover.

REMUNERATION TO THE CEO AND EXECUTIVE MANAGEMENT

Decisions as to the current remuneration levels and other employment terms for the CEO and other members of the executive management have been resolved by the board of directors. Remuneration to the executive management consists of basic salary, pension benefits and other benefits.

The table below sets forth the remuneration to the CEO and other members of the executive management of Artificial Solutions Holding for the financial year 2018.

| (SEK) ¹⁾ Name | Basic salary | Variable Salary | Pension | Other benefits ²⁾ | Total |
|---|-------------------|------------------|----------------|------------------------------|-------------------|
| Lawrence Flynn, CE | 2,258,734 | 830,121 | 112,937 | 24,989 | 3,226,781 |
| Other members of the executive management ³⁾ | 10,490,604 | 2,090,458 | 772,083 | 338,419 | 13,691,564 |
| Total | 12,749,338 | 2,920,579 | 885,020 | 363,408 | 16,918,345 |

1) The financial figures in the table have been converted from GBP and USD to SEK. The conversion has been carried out based on the published exchange rate of the Swedish Central Bank (Sw. *Riksbanken*) as of 28 December 2018, 11.3482 SEK/GBP and 8,971 SEK/USD.

2) Other benefits relate to private healthcare.
3) Eight persons during the financial year 2018.

The table below sets forth the remuneration to the CEO and other members of the executive management of the previously Indentive AB for the financial year 2018.

| (SEK) Name | Basic Salar | Variable Salary | Pension | Other Benefits ¹⁾ | Total |
|--|-------------------------|-----------------|------------------|------------------------------|------------------|
| Anders Visell, CEO ²⁾ | 1,470,000 ⁴⁾ | 0 | 315,306 | 81,939 | 1,867,245 |
| Other member of the executive management ^{2), 3)} | 3,854,000 ⁵⁾ | 0 | 724,538 | 154,025 | 4,732,563 |
| Total | 5,824,000 | 0 | 1,039,844 | 235,964 | 6,599,808 |

1) Other benefits relate to car and lunch benefits (Sw. *riksslunchen*).

2) Resigned from his or her assignments in Artificial Solutions at the annual general meeting on 28 February 2019 in connection with the Reverse Takeover.

3) Five persons under the financial year 2018.

4) SEK 150,000 paid against invoice.

5) SEK 150,000 paid against invoice.

TERMINATION OF EMPLOYMENT AND AGREEMENT ON REMUNERATION AFTER THE END OF THE ASSIGNMENT

The Chief Executive Officer's employment contract include a mutual period of notice of three months. The Chief Financial Officer's employment contract include a mutual period of notice of nine months. Other members of the executive management have employment contracts including a mutual notice period ranging from 30 days up to six months or such

longer notice period as may be required by applicable legislation. No member of the executive management or board member are entitled to remuneration after the end of the assignment.

The Company or its subsidiaries does not have any amounts set aside or accrued to provide pension or similar benefits following board members or executive managers termination of employment or assignment.

FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

This section presents certain financial information regarding the Group for the financial years 2017 and 2018, which have been obtained from Artificial Solutions Holding's audited consolidated financial statements, and for the period 1 January–30 September 2019 together with comparative financial information for the corresponding period 2018, which have been obtained from Artificial Solutions' generally reviewed interim report for the period 1 January–30 September 2019. The Financial information regarding Artificial Solutions Holding is presented by reason of Artificial Solutions having a so-called complex financial history according to Article 18 in the Commission Delegated Regulation (EU) 2019/980. The complex financial history means that the financial information regarding the financial years 2017 and 2018 for Artificial Solutions (previously Indentive AB) is misleading for the Group and is therefore not presented in this section.

The consolidated financial statements and the interim report have been prepared in accordance with the Annual Report Act (Sw. årsredovisningslagen (1995:1554)) and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Accounts (K3) ("BFNAR").

The reporting currency for Artificial Solutions is SEK. Prior to the Reverse Takeover, the reporting currency of Artificial Solutions Holding was EUR. In order to enable comparisons with previous years, the financial information presented below regarding the financial years 2017 and 2018 has been converted to SEK. The conversion has been carried out based on the published exchange rate of the European Central Bank's published exchange rates. The income statement for 2017 and 2018 have been recalculated based on the monthly average interest rate for each year, and the balance sheet and cash flow analysis for 2017 and 2018 have been recalculated based on the closing rate on the last December for each year (EUR/SEK 9.843779 and 10.254800, respectively).

Immediately following the Reverse Takeover, Artificial Solutions (previously Indentive AB) distributed its subsidiary Indentive Värdepapper as a non-cash dividend to its shareholders. In order to provide comparatives on a like for like basis for the prior year, the Group's comparative financial information includes the former holding company Artificial Solutions Holding and does not include any of the Indentive AB operations.

From the consolidated financial statements for the financial years 2017 and 2018, and from the interim report for 1 January–30 September 2019 with comparative financial information for the corresponding period 2018, the following is incorporated (see also the section "Documents incorporated by reference"):

- *Artificial Solutions' generally reviewed interim report for the period 1 January–30 September 2019: auditor's opinion (p. 12), the group's income statement (p. 13), the group's balance sheet (p. 14) and the group's cash flow statement (p. 15).*

Except as expressly stated, no financial information in the Offering Circular has been audited or reviewed by Artificial Solutions auditor.

THE GROUP'S CONSOLIDATED INCOME STATEMENTS

| (SEK million) | 1 January–30 september | |
|---|------------------------------|------------------------------|
| | 2019 (generally reviewed) | 2018 (generally reviewed) |
| Operating income, etc. | | |
| Net sales | 38.1 | 33.4 |
| Capitalized amount for own accounts | 7.5 | 8.2 |
| Other operating income | 0.0 | – |
| Total operating income | 45.6 | 41.6 |
| Personnel costs | –86.6 | –75.9 |
| Other external costs | –47.8 | –30.6 |
| Depreciation and amortization on fixed assets | –8.8 | –19.8 |
| Other operating expenses | –22.3 | –0.0 |
| Total operating expenses | –165.5 | –126.4 |
| Operating loss | –119.8 | –84.8 |
| Net financial items | –24.7 | –0.3 |
| Loss after financial items | –144.5 | –85.1 |
| Tax on result for the period | – | – |
| NET RESULT FOR THE PERIOD | –144.5 | –85.1 |

THE GROUP'S CONSOLIDATED BALANCE SHEETS

| (SEK million) | 1 January–30 September | |
|---|------------------------------|------------------------------|
| | 2019 (generally reviewed) | 2018 (generally reviewed) |
| ASSETS | | |
| Non-current assets | | |
| Capitalised expenditure for licensed software and development | 30.0 | 28.7 |
| Goodwill | – | – |
| Equipment, furniture and fitting | 1.8 | 1.9 |
| Other non-current receivables | 5.6 | 5.5 |
| Total non-current assets | 37.3 | 36.2 |
| Current assets | | |
| Current receivables | 34.1 | 14.4 |
| Cash and bank balances | 15.6 | 71.7 |
| Total current assets | 49.7 | 86.0 |
| TOTAL ASSETS | 87.0 | 122.2 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 44.5 | 37.6 |
| Share premium reserve | 1,103.8 | 779.0 |
| Other equity including result for the period | –1,301.7 | –842.9 |
| Total equity | –153.4 | –26.3 |
| Non-current liabilities | | |
| Liabilities to other lenders | 2.2 | 26.2 |
| Total non-current liabilities | 2.2 | 26.2 |
| Current liabilities | | |
| Liabilities to other lenders | 191.5 | 90.0 |
| Current liabilities | 17.5 | 9.1 |
| Accrued expenses and deferred income | 29.3 | 23.3 |
| Total current liabilities | 238.2 | 122.4 |
| TOTAL EQUITY AND LIABILITIES | 87.0 | 122.2 |

THE GROUP'S CONSOLIDATED STATEMENTS OF CASH FLOWS

| (SEK million) | 1 January–30 September | |
|--|------------------------------|------------------------------|
| | 2019 (generally reviewed) | 2018 (generally reviewed) |
| Operating activities | | |
| Loss after financial items | -144.5 | -85.1 |
| Adjustments for items not included in cash flow | 45.5 | 11.1 |
| Taxation paid and received | 3.6 | -0.0 |
| Cash flow from operating activities before changes in working capital | -99.0 | -74.0 |
| Cash flow from changes in working capital | -13.2 | 2.4 |
| Cash flow from operating activities | -112.2 | -71.6 |
| Cash flow from investing activities | -8.1 | -8.5 |
| Cash flow from financing activities | 89.1 | 146.8 |
| Net change in cash and cash equivalents | -31.2 | 66.6 |
| Cash and cash equivalents beginning of the period | 46.8 | 5.0 |
| Cash and cash equivalents end of the period | 15.6 | 71.7 |

ARTIFICIAL SOLUTIONS HOLDING'S CONSOLIDATED INCOME STATEMENTS

| (SEK million) | Full year | |
|---|-------------------|-------------------|
| | 2018 (audited) | 2017 (audited) |
| Operating income, etc. | | |
| Net sales | 44.9 | 47.9 |
| Capitalized amount for own accounts | 12.2 | 8.4 |
| Other operating income | 5.3 | 12.1 |
| Total operating income | 62.4 | 68.5 |
| Operating expenses | | |
| Other external costs | -51.5 | -41.3 |
| Personnel costs | -105.9 | -92.2 |
| Depreciation and amortization on fixed assets | -23.7 | -25.5 |
| Other operating expenses | -0.1 | 0.0 |
| Operating loss | -118.8 | -90.5 |
| Result from financial investments | | |
| Interest income and similar items | 3.6 | 3.9 |
| Interest expenses and similar items | -30.9 | -18.4 |
| Loss after financial items | -146.1 | -105.0 |
| Tax on profit for the period | - | - |
| NET LOSS FOR THE PERIOD | -146.1 | -105.0 |

ARTIFICIAL SOLUTIONS HOLDING'S CONSOLIDATED BALANCE SHEETS

| (SEK million) | Full year | |
|---|-------------------|-------------------|
| | 2018 (audited) | 2017 (audited) |
| ASSETS | | |
| Non-current assets | | |
| <i>Intangible assets</i> | | |
| Capitalized expenditure for licences software and content development | 29.4 | 30.6 |
| Goodwill | – | 7.5 |
| | 29.4 | 38.1 |
| <i>Tangible assets</i> | | |
| Equipment, furniture and fittings | 1.8 | 2.2 |
| | 1.8 | 2.2 |
| Total financial non-current assets | 31.2 | 40.4 |
| Other non-current receivables | 5.5 | 5.1 |
| Total non-current assets | 36.7 | 45.5 |
| Current assets | | |
| <i>Current receivables</i> | | |
| Accounts receivable - trade | 5.8 | 3.9 |
| Tax receivable | 9.1 | 3.6 |
| Other receivables | 3.4 | 0.9 |
| Prepaid expenses and accrued income | 4.8 | 5.7 |
| | 23.0 | 14.2 |
| Cash and bank balances | 46.8 | 4.8 |
| Total current assets | 69.8 | 19.0 |
| TOTAL ASSETS | 106.5 | 64.5 |

ARTIFICIAL SOLUTIONS HOLDING'S CONSOLIDATED BALANCE SHEETS, CONT.

| (SEK million) | Full year | |
|--|-------------------|-------------------|
| | 2018 (audited) | 2017 (audited) |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 37.4 | 30.4 |
| Share premium reserve | 774.9 | 618.0 |
| Other equity including result for the year | -898.7 | -722.5 |
| Total equity | -86.4 | -74.1 |
| Long-term liabilities | | |
| Liabilities to other lenders | 52.3 | 25.0 |
| Total long-term liabilities | 52.3 | 25.0 |
| Current liabilities | | |
| Liabilities to other lenders | 93.7 | 76.5 |
| Accounts payable - trade | 3.7 | 3.9 |
| Income tax liability | 0.0 | 0.1 |
| Other liabilities | 3.6 | 3.0 |
| Accrued expenses and deferred income | 39.6 | 30.7 |
| Total current liabilities | 140.6 | 113.6 |
| TOTAL EQUITY AND LIABILITIES | 106.5 | 64.5 |

ARTIFICIAL SOLUTIONS HOLDING'S CONSOLIDATED STATEMENTS OF CASH FLOWS

| (SEK million) | Full year | |
|--|-------------------|-------------------|
| | 2018 (audited) | 2017 (audited) |
| Operating activities | | |
| Operating loss | -118.8 | -90.5 |
| <i>Adjustments for items excluded from cash flow statement, etc.</i> | | |
| Depreciation | 23.7 | 25.5 |
| Other items excluded from cash flow statement | -0.6 | 1.2 |
| | -95.6 | -63.8 |
| Interest received | 3.1 | 3.5 |
| Interest paid | -17.9 | -8.6 |
| Taxation paid and received | -0.0 | 1.4 |
| Cash flow from operating activities before changes in working capital | -110.5 | -67.5 |
| <i>Cash flow from changes in working capital</i> | | |
| (Increase)/Decrease in receivables | -20.0 | 3.5 |
| Increase/(Decrease) in liabilities | 8.5 | 3.5 |
| Cash flow from operating activities | -122.0 | -60.4 |
| Investing activities | | |
| Payments to acquire tangible fixed assets | -0.3 | -0.6 |
| Payments to acquire intangible fixed assets | -12.8 | -8.7 |
| Cash flow from investing activities | -13.1 | -9.3 |
| Financing activities | | |
| New share issue | 132.2 | 37.7 |
| Cost of new share issue | -3.6 | -1.8 |
| Change in loans | 48.2 | 30.7 |
| Cash flow from financing activities | 176.8 | 66.6 |
| Net change in cash and cash equivalents | 41.8 | -3.1 |
| Cash and cash equivalents beginning of the year | 5.0 | 8.0 |
| Cash and cash equivalents end of the year | 46.8 | 4.8 |

KEY PERFORMANCE INDICATORS

Generally

Below are some financial and operational performance indicators which have not been defined according to BFNAR (alternative key indicators), such as "Order Intake", "Order Backlog", "Usage Revenue", "Gross Margin" and "Partner per cent of Revenue".

Artificial Solutions Holding considers that these key performance indicators give valuable information to investors because they combined with (but not instead of) other key performance indicators enable evaluation of current trends in a valuable way. The key performance indicators, as Artificial Solutions Holding has defined these, should not be compared with other companies' key figures with the same denominations, since the definitions may differ. The key performance indicators presented in the table below have not been revised.

THE GROUP'S KEY PERFORMANCE INDICATORS

| | 1 January–30 September | |
|---|------------------------------|------------------------------|
| | 2019 (generally reviewed) | 2018 (generally reviewed) |
| Order Intake (SEK million) | 45.7 | 31.5 |
| Order Backlog (SEK million) | 46.9 | 23.3 |
| Usage Revenue (SEK million) | 7.2 | 4.1 |
| Usage Revenue as % Total Revenue | 19 % | 12 % |
| Gross Margin, % Revenue | 58 % | 51 % |
| Partner per cent of Order Intake | 40 % | 27 % |
| Partner per cent of Revenue | 42 % | 29 % |
| Net Sales (SEK million) | 38.1 | 33.4 |
| EBITDA (SEK million) | -88.6 | -64.9 |
| Adjusted EBITDA (SEK million) | -82.2 | -64.9 |
| Costs related to Research and Development (SEK million) | -19.3 | -18.0 |
| Equity ratio (%) | -176 % | -22 % |

ARTIFICIAL SOLUTIONS HOLDING'S KEY PERFORMANCE INDICATORS

| | Full year | |
|---|-------------------|-------------------|
| | 2018 (audited) | 2017 (audited) |
| Order Intake (SEK million) | 55.4 | 54.5 |
| Order Backlog (SEK million) | 35.2 | 23.5 |
| Usage Revenue (SEK million) | 5.3 | 6.5 |
| Usage Revenue as % Total Revenue | 12 % | 13 % |
| Gross Margin, % Revenue | 45 % | 52 % |
| Partner per cent of Order Intake | 50 % | 27 % |
| Partner per cent of Revenue | 32 % | 18 % |
| Net Sales (SEK million) | 44.9 | 47.9 |
| EBITDA (SEK million) | -100.3 | -77.1 |
| Adjusted EBITDA (SEK million) | -100.3 | -77.1 |
| Costs related to Research and Development (SEK million) | -23.8 | -21.9 |
| Equity ratio (%) | -81% | -115% |

DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR

| Financial measures | Description | Reason for the use of the measure |
|--|---|--|
| Order Intake | The value of contractually committed orders received from customers in the period. | Demonstrates the level of commitments made by customers in the period. |
| Order Backlog | The value of contractually committed orders received from contractors which have not yet been recognised as revenue. | Demonstrates the value of revenue available to be taken as revenue as delivered in accordance with relevant accounting standard. |
| Usage Revenue | The amount of revenue derived solely from the usage of the Teneo Platform. | Shows the value of revenues to come from Usage of the Teneo Platform, this is the most profitable of revenue. Usage revenue is indicative of the level of use of the Teneo Platform and increases indicate expanding customers, use cases, languages, etc. |
| Usage Revenue as % Total Revenue | Is calculated as the total usage revenue in the period as a per cent of Total Revenue from Operations in the period. | Usage Revenue is generally the last type of revenue to be generated from the customer, it is also the most profitable. Thus the greater the per cent of usage revenue the greater the Gross Margin per cent. |
| Gross Margin, % Revenue | Gross Margin expressed as a per cent of Total Revenue. Gross Margin is calculated by applying the cost of product delivered, for professional services the cost is taken as the average fully loaded cost of days invoiced to the customer. | Indicates the profitability of contractually committed orders received from customers. |
| Partner % of Order Intake | The value of Order Intake received from Partners as a per cent of the total value of Order Intake in the period. | Order Intake received from Partners is more profitable and does not require Artificial Solutions to deliver Professional services. |
| Partner Revenue % | The value of Revenue recognised from Partners as a per cent of the total value of Revenue in the period. | Order Intake received from Partners is more profitable and does not require Artificial Solutions to deliver Professional services. |
| Net Sales | Revenue derived directly from the delivery of customer projects. | Demonstrates the value being derived from customer project. |
| EBITDA | Earnings before interest, tax depreciation and amortization. | Indicates the profitability from operations. Changes in EBITDA will reflect the change in balance of revenues towards the delivery of more profitable Usage and Licenses. |
| Costs related to Research & Development | Total costs related to Research & Development | Shows the cost of Research & Development |
| Equity ratio | Total equity divided by total assets. | The measure is used to assess the Company's financial stability. |
| EBITDA adjusted | EBITDA adjusted for the legal and professional costs directly associated with the Reverse Takeover. | The costs associated with the Reverse Takeover are a one off cost which are not likely to be repeated and by adjusting EBITDA for these costs, it allows more accurate comparisons with other periods. |

RECONCILIATION OF KEY PERFORMANCE INDICATORS

RECONCILIATION OF KEY PERFORMANCE INDICATORS FOR THE GROUP

| | 1 January–30 September | |
|---|------------------------|---------------|
| | 2019 | 2018 |
| Gross Margin (%) | | |
| Net sales | 38.1 | 33.3 |
| Cost of Sales | (16.2) | (16) |
| Gross Margin, SEK million | 21.9 | 17 |
| Gross Margin (%) | 58 % | 51 % |
| EBITDA | | |
| Operating income, MSEK | (119.8) | (84.8) |
| Depreciation/amortisation, acquisition cost and write-downs | 31.2 | 19.9 |
| EBITDA, SEK million | (88.6) | (64.9) |
| Legal fees associated to the RTO | 6.4 | – |
| EBITDA adjusted, SEK million | (82.2) | (64.9) |
| Equity ratio (%) | | |
| Equity | –153.4 | –26.3 |
| Total Assets | 87.0 | 122.2 |
| Equity ratio (%) | –176% | –22% |

RECONCILIATION OF KEY PERFORMANCE INDICATORS FOR ARTIFICIAL SOLUTIONS HOLDING

| | Full year | |
|---|----------------|---------------|
| | 2018 | 2017 |
| Gross Margin (%) | | |
| Net sales | 44.9 | 47.9 |
| Cost of Sales | (24.7) | (23.1) |
| Gross Margin, SEK million | 20.2 | 24.8 |
| Gross Margin (%) | 45% | 52% |
| EBITDA | | |
| Operating income, SEK million | (118.8) | (90.5) |
| Depreciation/amortisation, acquisition cost and write-downs | 18.5 | 13.4 |
| EBITDA, MSEK | (100.3) | (77.1) |
| Legal fees associated to the RTO | – | – |
| EBITDA adjusted, SEK million | (100.3) | (77.1) |
| Equity ratio (%) | | |
| Equity | (86.4) | (74.1) |
| Total Assets | 106.5 | 64.5 |
| Equity ratio (%) | –81 % | –115 % |

STATEMENTS WITH A DIVERGENT MEANING IN THE AUDIT REPORT AND AUDITOR'S OPINION

The audit report regarding Artificial Solutions' (previously Indentive AB) annual report for the financial year of 2018 deviates from the standard wording with the following deviating wording:

"Significant uncertainty factor regarding the assumption of continued operation"

There is a significant uncertainty factor about the possibility of continue operations that can lead to significant doubts about the ability for the parent company to continue its operations as there is uncertainty about continued financing and continue the business, as the company describes in the directors' report under the sections "Expected future development and significant risks and uncertainties" and "Continued operation". At the time of this audit report, the company did not receive any binding promises on capital contribution or other forms of financing."

The generally reviewed report regarding Artificial Solutions' interim report for the period 1 January–30 September 2019 deviates from the standard wording with the following deviating wording:

"Uncertainty factor regarding the assumption of going concern"

As shown in the consolidated balance sheet, the reported liabilities significantly exceed the reported current assets as of 30 September 2019. Taking into account the company's reported cash flows during the 9-month period 2019 and the account that a large part of the company's loans fall due in 2020, the company is in need of capital contributions to secure continued operation. As stated in the interim report under the heading "cash flow, working capital and financial position", it is the company's and the Board's assessment that there are conditions for continued operation. In this report's submission and our review of the company's liquidity forecast and conditions for future refinancing opportunities, it is our assessment that there is a substantial uncertainty about the possibility of continued operations. Our assessment is based on the fact that we cannot safely determine whether the refinancing will be successful or not"

DIVIDEND AND DIVIDEND POLICY

Artificial Solutions has as a long-term ambition to pay dividend to its shareholders. Artificial Solutions will prioritize growth over the next few years and generated profits will be allocated to develop the business. Therefore, no dividend distribution is planned in the near future. Only when the Company's earnings and financial position so permits can dividend payments become relevant. Artificial Solutions has not resolved on any dividend for the period covered by the historical financial information.

SIGNIFICANT CHANGES IN ARTIFICIAL SOLUTIONS' FINANCIAL POSITION AFTER 30 SEPTEMBER 2019

In addition to what is stated in section "Business and market overview – Business overview – Significant changes to Artificial Solutions' loan and financing structure after 30 September 2019", no significant changes have occurred regarding Artificial Solutions' financial position after 30 September 2019 up until the day of the Offering Circular.

PRO FORMA FINANCIAL INFORMATION

Purpose of pro forma financial information

On 28 January 2019, Artificial Solutions (previously Indentive AB) entered into an agreement to acquire all shares and warrants in Artificial Solutions Holding, through an issue in kind. On 28 January 2019, the board of directors of Artificial Solutions (previously Indentive AB) also decided to utilize previous authorization and carry out a directed share issue totaling SEK 0.96 million.

On 28 February 2019, the annual general meeting was held in Artificial Solutions (previously Indentive AB), whereby the following decisions was made:

1. Distribution of shares in the subsidiary Indentive Värdepapper, including its subsidiaries, to the existing shareholders of Artificial Solutions (previously Indentive AB).
2. Amendment of the articles of association to enable the acquisition of Artificial Solutions Holding.
3. Acquisition of all shares in Artificial Solutions Holding through issue in kind and reduction of the Company's share capital.
4. Amendment of the articles of association and merger of shares.

The pro forma financial information has an illustrative purpose and is intended to present the hypothetical impact that the directed share issue, the distribution of shares in Indentive Värdepapper and the acquisition of Artificial Solutions Holding would have had, if the transactions had been completed on 1 January 2019, on the Company's consolidated income statements for the full year 2018 and on the consolidated balance sheet as of 31 December 2018, if the transactions had been completed on 1 January 2018, and on consolidated income statements for the period 1 January–30 September 2019, if the transactions had been completed on 1 January 2018.

The pro forma financial information is, by the nature, intended to describe a hypothetical situation and thus do not serve to describe Artificial Solutions' actual financial position and results, and should be read together with other information in this Offering Circular. An investor should be aware that the hypothetical financial position and the hypothetical results stated in the pro forma may differ from how the corresponding information would have looked if the transactions had in fact occurred on the previous occasions.

BACKGROUND

Directed share issue

The board of directors of Artificial Solutions (previously Indentive AB) has decided, in accordance with a previous authorization, on a directed share issue of 640,000 shares for a total of SEK 0.96 million. Through the new share issue, the share capital increased by SEK 0.13 million and SEK 0.83 million was added to the share premium fund.

Dividend of Indentive Värdepapper group

At Artificial Solutions (previously Indentive AB) annual general meeting on 28 February 2019, it was resolved to conduct a dividend in kind of the sub-group where Indentive Värdepapper is the parent company (the "**Indentive Värdepapper Group**"). This transaction has been accounted based on the audited consolidated financial statements as of 31 December 2018.

Acquisition of all shares and warrants in Artificial Solutions Holding and reduction of the Company's share capital

On 28 January 2019, Artificial Solutions (previously Indentive AB) entered into an agreement regarding the acquisition of all shares and warrants in Artificial Solutions Holding, through an issue in kind, a so-called reverse acquisition. Following the Reverse Takeover, the shareholders of Artificial Solutions Holding held approximately 97.75 per cent of the shares in Artificial Solutions (previously Indentive AB) and former shareholders in Artificial Solutions (previously Indentive AB) held approximately 2.25 per cent of the shares. Through the issue in kind, Artificial Solutions received additional share capital of a maximum of approximately SEK 129 million, why there also was a reduction of the share capital without withdrawal of shares.

The acquisition of Artificial Solutions Holding has been accounted for as a reverse acquisition of business and is consolidated in Artificial Solutions' consolidated accounts from and including the date of acquisition on 28 February 2019.

DESIGN OF THE PRO FORMA FINANCIAL INFORMATION

Accounting policies

Both Artificial Solutions (previously Indentive AB) and Artificial Solutions Holding apply the Annual Reports Act (Sw. *årsredovisningslagen (1995:1554)*) and BFNAR, and the pro forma financial information has been prepared in accordance with these.

The pro forma financial information has been based on the following detailed financial information, in addition to described pro forma adjustments.

Basis

Indentive Värdepapper Group

The income statement for the financial year 2018 and balance sheet as of 31 December 2018 are based on Artificial Solutions' (previously Indentive AB) audited consolidated accounts.

Artificial Solutions Holding

The income statement for the financial year 2018 and balance sheet as of 31 December 2018 are based on Artificial Solutions Holding's audited consolidated accounts. Since Artificial Solutions Holding during the 2018 financial year applied EUR

as the accounting currency, recalculation has been made to the parent company's accounting currency, which is SEK. The income statement in the pro forma financial information is recalculated at the average exchange rate for the financial year and the balance sheet is recalculated at the exchange rate on the balance sheet date. The following exchange rates, taken from the Swedish Tax Agency (Sw. *Skatteverket*), have been applied. Average price for 2018, EUR 1=SEK 10.2566, and the balance sheet date rate on 31 December 2018, EUR 1=SEK 10.2773.

Artificial Solutions

The income statement for the period 1 January–30 September 2019 is based on the generally reviewed interim report for the period 1 January–30 September 2019 of Artificial Solutions.

PRO FORMA ADJUSTMENTS

The pro forma adjustments are described in detail below and in the notes to the pro forma financial information. The adjustments reported in the pro forma financial information are deemed to be permanent unless otherwise stated.

Directed share issue

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

Dividend of the Indentive Värdepapper group

At the annual general meeting held on 28 February 2019, it was resolved to conduct a dividend in kind of the Indentive Värdepapper Group. This transaction has been reported based on the audited consolidated financial statements as of 31 December 2018 and means that all balance sheet and income statement items have been adjusted in line with the financial reports, line by line.

Acquisition of Artificial Solutions Holding

The effects of the acquisition of Artificial Solutions Holding are calculated on the basis of the acquisition analysis that has been prepared and which forms the basis for the consolidated financial statements that will be prepared on 28 February 2019. In the accounting of the reverse acquisition, Artificial Solutions (previously Indentive AB) is seen as the acquired entity. The purchase price totalled SEK 25.8 million, of which acquired equity totalled SEK 3.7 million. The excess value of SEK 22.1 million, resulting from the acquisition, has been treated as an expense for the listing and is reported in the income statement as other external cost. Otherwise there are no other group excess value or default value to consider.

There have been no adjustments for synergies or integration costs in the pro forma financial information.

The adjustments in the pro forma do not give rise to any tax effects since none of the companies are currently in a tax position in any of their jurisdictions.

The Group's pro forma income statement for the financial year 2018

| (SEK million) | Indentive (audited) | Distribution of Indentive Värde- papper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma |
|--|------------------------|---|---------------------------------------|--|-------------|
| Income | | | | | |
| Net sales | 16 | -16 | 45 | | 45 |
| Activated work for own account | 5 | -5 | 12 | | 12 |
| Other incomes | 0 | 0 | 5 | | 5 |
| | 21 | -21 | 62 | 0 | 62 |
| Operating costs | | | | | |
| Other external costs | -14 | 12 | -52 | | -53 |
| Personnel costs | -30 | 29 | -106 | | -107 |
| Depreciation and write-downs of tangible and intangible non-current assets | -5 | 5 | -24 | | -24 |
| Other operating costs | 0 | 0 | 0 | -22 | -22 |
| Operating result | -27 | 25 | -119 | -22 | -143 |
| Result from financial items | | | | | |
| Interest income and similar profit/ loss items | 0 | 0 | 4 | | 4 |
| Interest expense and similar profit/ loss items | -1 | 1 | -31 | | -31 |
| Result after financial items | -28 | 26 | -146 | -22 | -170 |
| Tax on current year income | 0 | 0 | 0 | | 0 |
| Result for the period | -28 | 26 | -146 | -22 | -170 |

1) The item other external costs include SEK 8,365 thousand relating to transaction costs for the listing.

2) The excess value according to an acquired acquisition analysis is reported as the cost of the listing.

The Group's pro forma income statement for the period 1 January–30 September 2019

| (SEK million) | Indentive (audited) | Distribution of Indentive Värde- papper Group | Artificial Solutions ¹⁾ | Acquisition elimination ²⁾ | Pro forma |
|--|------------------------|---|---------------------------------------|--|-------------|
| Income | | | | | |
| Net sales | | | 38 | | 38 |
| Activated work for own account | | | 8 | | 8 |
| Other incomes | | | 0 | | 0 |
| | | | 46 | | 46 |
| Operating costs | | | | | |
| Other external costs | | | -48 | | -48 |
| Personnel costs | | | -87 | | -87 |
| Depreciation and write-downs of tangible and intangible non-current assets | | | -9 | 22 | -9 |
| Other operating costs | | | -22 | 22 | 0 |
| Operating result | | | -120 | | -98 |
| Result from financial items | | | | | |
| Interest income and similar profit/ loss items | | | 9 | | 9 |
| Interest expense and similar profit/ loss items | | | -34 | | -34 |
| Result after financial items | | | -145 | 22 | -122 |
| Tax on current year income | | | 0 | | 0 |
| Result for the period | | | -145 | 22 | -122 |

1) The item other external costs include SEK 8,365 thousand relating to transaction costs for the listing.

2) The excess value according to an acquired acquisition analysis is reported as the cost of the listing.

The Group's pro forma balance sheet as of 31 December 2018

| (SEK million) | Indentive (audited) | Issue in kind Indentive AB ¹⁾ | Distribution of Indentive Värdepapper Group ²⁾ | Artificial Solutions (audited) | Issue in kind ³⁾ | Acquisition- elimination | Reduction of share ⁴⁾ capital | Pro forma |
|---|------------------------|---|--|--------------------------------------|--------------------------------|-----------------------------|--|--------------|
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| <i>Intangible assets</i> | | | | | | | | |
| Balanced expenditure on development work | 27 | | -27 | 29 | | | | 29 |
| Goodwill | 4 | | -4 | 0 | | | | 0 |
| | 31 | 0 | -31 | 29 | 0 | 0 | 0 | 29 |
| <i>Tangible fixed assets</i> | | | | | | | | |
| Fixtures, tools and installations | 0 | | 0 | 2 | | | | 2 |
| | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 2 |
| Financial non-current assets | | | | | | | | |
| Shares in Group companies | 0 | | 0 | | 1,122 | -1,122 | | 0 |
| Other long-term receivables | 0 | | 0 | 6 | | | | 6 |
| Total non-current assets | 32 | 0 | -32 | 37 | 1,121 | -1,122 | 0 | 37 |
| Current assets | | | | | | | | |
| <i>Current Receivables</i> | | | | | | | | |
| Receivables | 2 | | -2 | 6 | | | | 6 |
| Tax receivables | 0 | | 0 | 9 | | | | 9 |
| Other receivables | 3 | | 0 | 3 | | | | 6 |
| Prepaid expenses and accrued income | 6 | | -1 | 5 | | | | 10 |
| | 12 | 0 | -4 | 23 | 0 | 0 | 0 | 31 |
| Cash and bank balance | 0 | | 0 | 47 | | | | 47 |
| Total | 12 | 0 | -4 | 70 | 0 | 0 | 0 | 78 |
| TOTAL ASSETS | 44 | 0 | -35 | 107 | 1,122 | -1,122 | 0 | 115 |

1) 640,000 shares of SEK 1.50.

2) Group values of the assets, liabilities and equity distributed.

3) 645,392,020 shares of SEK 1.238. Quota value per share is SEK 0.2.

4) Reduction of share capital without withdrawal of number of shares, amount as resolved by the annual general meeting on 28 February 2019.

The Group's pro forma balance sheet as of 31 December 2018, cont.

| (SEK million) | Indentive (audited) | Issue in kind Indentive AB ¹⁾ | Distribution of Indentive Värdepapper Group ²⁾ | Artificial Solutions (audited) | Issue in kind ³⁾ | Acquisition- elimination | Reduction of share ⁴⁾ capital | Pro forma |
|--|------------------------|---|--|--------------------------------------|--------------------------------|-----------------------------|--|--------------|
| EQUITY AND LIABILITIES | | | | | | | | |
| Equity | | | | | | | | |
| Share capital | 3 | 0 | 0 | 37 | 129 | -37 | -92 | 40 |
| Other capital contribu- tions | 59 | 1 | 0 | 777 | -103 | -23 | 92 | 802 |
| Other capital including current period income | -43 | | -16 | -901 | | 35 | | -925 |
| Total equity | 19 | 1 | -16 | -87 | 26 | -26 | 0 | -83 |
| Provisions | | | | | | | | |
| Provision for deferred tax | 1 | | -1 | 0 | | | | 0 |
| Long-term liabilities | | | | | | | | |
| Liabilities to credit insti- tutions | 4 | | -4 | 0 | | | | 0 |
| Other liabilities | 0 | | 0 | 52 | | | | 52 |
| Total long-term liabili- ties | 4 | | -4 | 52 | 0 | 0 | 0 | 53 |
| Current liabilities | | | | | | | | |
| Liabilities to credit institutions | 2 | | -1 | 0 | | | | 1 |
| Liabilities to other lenders | 0 | | 0 | 94 | | | | 94 |
| Overdrafts | 3 | | -3 | 0 | | | | 0 |
| Advance payment from customers | 0 | | 0 | 0 | | | | 0 |
| Accounts payable | 4 | -1 | -2 | 4 | | | | 5 |
| Tax liabilities | 0 | | 0 | 0 | | | | 0 |
| Other liabilities | 6 | | -6 | 4 | | | | 4 |
| Accrued expenses and prepaid income | 5 | | -3 | 40 | | | | 41 |
| Total current liabilities | 20 | -1 | -15 | 141 | 0 | 0 | 0 | 145 |
| TOTAL EQUITY AND LIABILITIES | 44 | 0 | -35 | 107 | 26 | -26 | 0 | 115 |

1) 640,000 shares of SEK 1.50.

2) Group values of the assets, liabilities and equity distributed.

3) 645,392,020 shares of SEK 1.238. Quota value per share is SEK 0.2.

4) Reduction of share capital without withdrawal of number of shares, amount as resolved by the annual general meeting on 28 February 2019

THE AUDITOR'S REPORT ON PRO FORMA FINANCIAL INFORMATION

This is a literal translation of the Swedish original report included in RevR 5.

To the board of directors of Artificial Solutions International AB, company registration number 556840-2076

We have audited the pro forma financial information set out on pages 66–71 in Artificial Solutions International AB prospectus dated 20 January 2020.

The pro forma financial information has been prepared for illustrative purposes of how the consolidated result for the nine-month period 1 January–30 September 2019, as well as the twelve-month period of 2018, would have been stated, if distribution of the subsidiary and the acquisition of Artificial Solutions Holding ASH AB would have taken place 1 January 2019 and 1 January 2018, respectively. Further, a consolidated balance sheet is presented to illustrate what the consolidated financial position would have been if the above described events would have occurred 1 January 2018.

The board of directors' responsibility

It is the board of directors' responsibility to prepare the pro forma financial information in accordance with the requirements of the Prospectus Regulation (EU) 2017/1129.

The auditor's responsibility

It is our responsibility to provide an opinion required by Annex 20, section 4 of the Commission Delegated Regulation (EU) 2019/980. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. We do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

Work performed

We performed our work in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Artificial Solutions International AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 66–67, and in accordance with the accounting principles applied by the company.

Opinion

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 66–67 and in accordance with the accounting principles applied by the company.

Stockholm, 20 January 2020

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized auditor

INFORMATION ON SHAREHOLDERS AND LEGAL INFORMATION

GENERAL INFORMATION ABOUT THE SHARES IN ARTIFICIAL SOLUTIONS

According to Artificial Solutions' articles of association, the share capital shall be no less than SEK 36,000,000 and no more than SEK 144,000,000, divided into no less than 18,000,000 and no more than 72,000,000 shares. As of 30 September 2019, the Company's share capital amounted to SEK 44,479,197.76 divided into 24,710,665 shares. At the beginning of 2019, Artificial Solutions' share capital amounted to SEK 2,843,114.40 divided into 7,746,080 shares, and at the end of 2019, to SEK 44,479,197.76 divided into 24,710,665 shares. As of the day of the Offering Circular, the Company's registered share capital amount to SEK 44,479,197.76 divided into 24,710,665 shares. The shares are denominated in SEK and each share has a quota value of SEK 1.80. Artificial Solutions' shares have been issued in accordance with Swedish law and are of the same class. All shares have been fully paid and are freely transferable.

By reason of the Reverse Takeover, in 2019 more than ten per cent of the share capital was paid for with assets other than liquid funds, for further information see section "*Business and market overview – Business overview – In particular about the Reverse Takeover*".

OWNERSHIP STRUCTURE

The table below sets forth all shareholders with holdings exceeding five per cent of the shares in the Company or five per cent of the votes for all shares as of 31 December 2019, including known changes thereafter. The Company has one class of shares and thus, there are no differences in the shares' voting rights.

| Shareholders/custodian | Number of shares/votes | Share, % |
|---------------------------|------------------------|------------|
| Scope Growth III L.P. | 6,269,833 | 25.4 |
| Scope Growth II L.P. | 4,564,045 | 18.5 |
| UBS SWITZERLAND AG, W8IMY | 2,525,627 | 10.2 |
| AFA Försäkring | 1,460,000 | 5.9 |
| SIX SIS AG, W8IMY | 1,268,418 | 5.1 |
| Other shareholders | 8,622,742 | 34.9 |
| Total | 24,710,665 | 100 |

Source: Euroclear Sweden.

SHAREHOLDER AGREEMENTS

As far as Artificial Solutions' board of directors is aware, no shareholder agreements exist between the Company's shareholders with the objective of creating a joint influence over the Company. Nor is the board of directors aware of any other agreements or similar that may lead to a change in control over the Company. Artificial Solutions has not taken any specific action to ensure that the control over the Company is not abused. However, the rules for the protection of minority shareholders in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) provides a certain protection against a majority shareholder's abuse of their control over a company.

EXEMPTION FROM MANDATORY OFFER OBLIGATION

The Principal Owner has been granted an exemption by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) (see AMN 2019:49) from the mandatory offer obligation which, in accordance with the Takeover rules Section III.1, otherwise could arise in connection with the Principal Owner fulfilling their subscription commitment and subscribe for shares with preferential right in the Rights Issue.

WARRANTS, CONVERTIBLES ETC.

Apart from what is set out below under “– *Share-related incentive programs*” there are no outstanding warrants, convertibles or other share-related instruments issued by Artificial Solutions.

SHARE-RELATED INCENTIVE PROGRAMS

Incentive Program 2019/2022

At the annual general meeting of Artificial Solutions on 28 February 2019, the shareholders resolved on introducing a long-term incentive program in the form of a warrant program, Incentive Program 2019/2022. The incentive program is directed towards Artificial Solutions’ board members. The Incentive program 2019/2022 consists of 195,628 warrants, each of which entitles the right to subscribe for one (1) new share in the Company, at a subscription price per share, calculated on the basis of the Black & Scholes model with regards to a subscription price at the time of utilization of the warrants of 150 per cent of the volume-weighted average price for the Company’s share on Nasdaq First North Growth Market during the period from and including 11 March 2019 up to and including 22 March 2019, however not less than the share’s quota value. The maximum dilution under Incentive Program 2019/2022 is estimated to amount to a maximum of approximately 0.89 per cent of the total number of shares and votes in Artificial Solutions. Recalculation due to reverse-split shall not be made by reason of the reverse-split resolved on by the annual general meeting on 28 February 2019. The warrants can be utilized during the period from and including 1 February 2022 up until and including 15 June 2022. Customary reservations apply for the incentive program, including re-calculation caused by certain changes in the share capital and number of shares during the term.

Incentive Program 2019/2024

At the annual general meeting of Artificial Solutions on 28 February 2019, the shareholders resolved on introducing a long-term incentive program in the form of a warrant program, Incentive Program 2019/2024. The incentive program is directed towards the executive management and other key persons. The Incentive program 2019/2024 consists of 978,135 warrants, each of which entitles the right to subscribe for one (1) new share in the Company, at a subscription price per share, calculated on the basis of the Black & Scholes model with regards to a subscription price at the time of utilization of the warrants of 100 per cent of the volume-weighted average price for the Company’s share on Nasdaq First North Growth Market during the period from and including 11 March 2019 up to and including 22 March 2019, however not less than the share’s quota value. The maximum dilution under Incentive Program 2019/2024 is estimated to amount to a maximum of approximately 4.44 per cent of the total number of shares and votes in Artificial Solutions. Recalculation due to reverse-split shall not be made by reason of the reverse-split resolved on by the annual general meeting on 28 February 2019. The warrants can be utilized during the period from and including 1 February 2024 up to and including

15 June 2024. Customary reservations apply for the incentive program, including re-calculation caused by certain changes in the share capital and number of shares during the term.

MATERIAL AGREEMENTS

Introduction

Set forth below follows a summary of material agreements concluded by the group during a period of one year immediately preceding the day of publication of this Offering Circular (with the exception of agreements concluded in the ordinary course of business).

Acquisitions and divestments

On 1 November 2018, an agreement was concluded on transferring the business in Artificial Solutions (previously Indentive AB) to Indentive Värdepapper (the “**Asset Transfer Agreement**”). The Asset Transfer Agreement generally regulates (i) the transfer of the assets and liabilities in Artificial Solutions (previously Indentive AB) to Indentive Värdepapper at the time of the conclusion of the agreement (ii) the transfer of employees and (iii) the allocation of liabilities in relation to current operations. The transfer of the business was made at book value. The Asset Transfer Agreement contain regular liability provisions, however no guarantee commitments since it was an intra-group transaction.

At the annual general meeting held on 28 February 2019 it was resolved on a dividend in kind of all shares in Indentive Värdepapper to the existing shareholders in Artificial Solutions (previously Indentive AB), with record date 4 March 2019. After the spin-off, the subsidiary Indentive Värdepapper was owned directly by those who, as of the record date, were shareholders in the parent company Artificial Solutions (Previously Indentive AB). The dividend in kind of the shares in Indentive Värdepapper was made in accordance with the Lex-Asea regulation.

For information on Artificial Solutions’ acquisition of Artificial Solutions Holding, see section “*Business and market overview – Business overview – In particular about the Reverse Takeover*”.

Credit facilities and other borrowing

Loan commitments

In February 2019, Artificial Solutions was granted loan commitments by Svealp Förvaltning AB, Trention AB, Gabrielson Invest AB, Vencom Group Holding BV, EC Passetport BV and Scope Capital SA of EUR 4.70 million in total. The fee amount to 7 per cent on the total amount of each respective loan commitment and carries an annual interest rate of 12 per cent on the utilized amount. The loan commitments are valid up until 30 June 2020. As of 31 December 2019, the Company has utilized EUR 1.95 million of the loan commitments, of which EUR 0.3 million was set-off against shares in a directed share issue in June 2019.

Shareholder loans

Artificial Solutions has been granted a loan by Leman Management Nominees Limited. As of 31 December 2019, the outstanding amount under the loan is EUR 6,266,851. The

Loan carries an annual interest rate of 10 per cent. The loan matures on 31 March 2021.

Furthermore, Artificial Solutions has been granted an additional loan by Lemman Management Nominees Limited. As of 31 December 2019, the outstanding amount under the loan is EUR 1,976,304. The loan carries an annual interest rate of 12 per cent. The loan matures on 31 March 2021.

The terms of both the loans include customary provisions and commitments, including among other things one provision on ownership changes, which entitles Lemman Management Nominees Limited the right to demand repayment of outstanding loan if existing shareholders control less than 50 per cent of the shares and votes in Artificial Solutions, or if all or a substantial part of Artificial Solutions assets are transferred.

Artificial Solutions BV and Artificial Solutions Scandinavia AB have entered into a guarantee agreement regarding the bonds and as security for the loan from Lemman Management Nominees Limited, the following collateral has been provided:

- a) Artificial Solutions has pledged all held shares in Artificial Solutions Holding,
- b) Artificial Solutions Holding has pledged all shares in Artificial Solutions BV,
- c) Artificial Solutions BV has pledged all shares in Artificial Solutions Scandinavia AB,
- d) Artificial Solutions Holding has issued and pledged company mortgage at a value of SEK 2,5 million and USD 2,981,580 of first priority; and
- e) Artificial Solutions Scandinavia AB has issued and pledged company mortgage at a value of SEK 4 million and USD 2,386,749.

Masselaz

Artificial Solutions has a loan granted by Masselaz AB. As of 31 December 2019, the outstanding amount under the loan is EUR 1.1 million. Upon repayment of the loan, Artificial Solutions will pay a fee of 5 per cent of the original loan amount of EUR 1,0 million. The loan carries no interest. The loan matures on 31 March 2021.

Aros Kapital

Artificial Solutions has a loan granted by Aros Kapital AB. As of 31 December 2019, the outstanding amount under the loan is SEK 18 million. The loan carries an annual interest rate of 14 per cent. Artificial Solutions must repay the loan in the event that the company completes a new issue. The loan agreement includes customary provisions and commitments in accordance with the general terms and conditions of Aros Kapital AB. The loan matures on 10 March 2020.

Bridge loan financing with SEB

Artificial Solutions has a loan granted by the shareholder SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse. As of the day of the Offering Circular, the outstanding

amount under the loan is SEK 5.1 million. The loan carries an annual interest rate of 10 per cent. The loan shall be repaid on 10 January 2021, or earlier by way of set-off against payment for subscribed shares in the event that Artificial Solutions completes a new issue. SEB-stiftelsen thus intends to set off the loan against shares in the Rights Issue.

Bridge loan financing with the Principal Owner

Artificial Solutions has a loan granted by the Principal Owner. As of the day of the Offering Circular, the outstanding amount under the loan is SEK 23 million. The loan carries an annual interest rate of 10 per cent. The loan shall be repaid on 15 December 2020, or earlier by way of set-off against payment for subscribed shares in the event that Artificial Solutions completes a new issue. The Principal Owner thus intends to set off the loan against shares in the Rights Issue.

Bridge loan financing with André Hoffmann

Artificial Solutions has a loan granted by André Hoffmann. As of the day of the Offering Circular, the outstanding amount under the loan is SEK 12.6 million. The loan carries an annual interest rate of 10 per cent. André Hoffmann intends to acquire subscription rights from the Principal Owner. The loan shall be repaid on 9 January 2021, or earlier by way of set-off against payment for subscribed shares in the event that Artificial Solutions completes a new issue. André Hoffmann thus intends to set off the loan against shares in the Rights Issue.

LEGAL AND ARBITRATION PROCEEDINGS

In December 2018, Artificial Solutions Holding issued bonds to an amount of SEK 52 million with the final maturity date on 5 June 2020. The bond terms contain customary terms and commitments. The bond terms also contain a right for the bondholders to, under certain conditions, request that Artificial Solutions Holding repurchase the outstanding bonds at a price equal to 103 per cent of the nominal amount together with accrued but unpaid interest. One condition that triggers the right to request the mandatory repurchase is if Artificial Solutions' (previously Indentive AB) acquisition of all shares in Artificial Solutions Holding, i.e. the Reverse Takeover had not occurred prior to 31 March 2019. On that date, Artificial Solutions had formally completed the acquisition of 99.3 per cent of all issued shares in Artificial Solutions Holding. In order to ensure that Artificial Solutions would gain control of all issued shares in Artificial Solutions Holding, a "drag-along clause" was called for by the Principal Owner under a shareholders' agreement on 15 March 2019, regarding the shares for which the acquisition had not yet been formally completed, i.e. the remaining 0.7 per cent.

One of the bondholders is of the opinion that Artificial Solutions Holding had failed to fulfil its obligations under the bond terms by not formally completing the acquisition prior to 31 March 2019 and therefore requested Artificial Solutions Holding to repurchase the bonds. Artificial Solutions Holding and the bondholder do not agree on the interpretation of the terms and the bondholder has therefore brought action against Artificial Solutions Holding in the Stockholm district

court, claiming the bonds to be repurchased at a price equal to 103 per cent of the nominal amount together with accrued but unpaid interest and an additional 6 per cent annual interest on the nominal value from 1 September 2019. The bondholder holds bonds with a total nominal value of SEK 10 million. Artificial Solutions Holding has contested the bondholders' claim and the process is ongoing.

In addition to the above, 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.

INTERESTS AND CONFLICTS OF INTEREST

No conflicts of interest exists between any duties of the board members or the Chief Executive Officer or other executive managers to the Company and their private interests and/or other duties (however, several board members and executive managers have certain financial interests in Artificial Solutions due to their direct or indirect holding of shares and warrants in the Company). None of the board members or the executive managers have been selected as a result of a special arrangement with larger shareholders, customers, suppliers or other parties.

RELATED PARTY TRANSACTIONS

Introduction

Intra-group transactions such as the purchase and sales of services offered by each Group company are a part of the Group's daily operations. All transactions between companies within the Group are conducted at arm's length on a commercial basis at market prices.

Set forth below follows a summary of the related party transactions conducted during the period covered by the historical financial information, i.e., from 1 January 2017 until the date of the Offering Circular.

Related party transactions in Artificial Solutions

Loans to shareholders

The Company's British subsidiary Artificial Solutions UK Ltd have provided loans to N.L.I.S.I.P Limited ("NLISIP"). NLISIP is a shareholder in Artificial Solutions and has been formed to hold shares for the benefit of the executive management and other employees in Artificial Solutions. Lawrence Flynn (Chief Executive Officer), Chris Bushnell (Chief Financial Officer), Andy Peart (Chief Marketing & Strategy Officer) and Peter Roost (Chief Operating Officer) are members of the board of NLISIP. As of the 31 December 2019, the total outstanding loan amounts to EUR 348,341. The loan carries an annual interest of 1 per cent above the base interest rate set by Svenska Handelsbanken AB (publ). The loan agreement matures for payment upon the lender's request.

Lease agreement

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

Loan commitment

In February 2019, Artificial Solutions was granted a loan commitment of EUR 0.3 million from Vencom Group Holding BV (wherein Johan A. Gustavsson is member of the board). See the section "– Credit facilities and other borrowing – Loan commitments" for further information on the loan terms. The loan was set-off against shares in the Company in a directed share issue in June 2019.

Consultancy agreements

Jan Uddenfeldt (board member in Artificial Solutions and Artificial Solutions, Inc.) has through JUTechnology, LLC ("JUTechnology") provided consultancy services to the Company during the period from December 2015 up until 1 March 2019. The consultancy services related to advisory on, among other things, product planning and technical roadmap. The remuneration was based on an annual fee of USD 40,000, with disbursement quarterly. By reason of the Reverse Takeover, JUTechnology could, in accordance with the agreement, receive a bonus provided that the value of Artificial Solutions would exceed USD 75 million. The bonus would correspond to 0.25 per cent of Artificial Solutions' value, based on the measurement period 11 March–22 March 2019, reduced by an amount corresponding to 0.25 per cent of the capital of EUR 31.5 million which Artificial Solutions had acquired since the conclusion of the agreement. In accordance with the agreement, JUTechnology received a bonus of USD 106,183.

On 1 March 2019, the Company entered into a new consultancy agreement with JUTechnology regarding advice on, among other things, product planning and technical roadmap. The agreement runs until the annual general meeting of 2020, and the remuneration is based on an annual fee of USD 28,000, with disbursement quarterly.

Åsa Hedin (chairman of the board of directors of Artificial Solutions) provides through ASH & Partners AB consulting services to the Company since 1 March 2019. The consultancy services relate to support in strategic market communication. The agreement runs up until the annual general meeting of 2020. The remuneration is based on an annual fee of SEK 360,000, with disbursement quarterly.

Related party transactions in Artificial Solutions (previously Indentive AB) prior to the Reverse Takeover

Consultancy agreements

Mikael Hult (prior chairman) has through Milt AB provided consultancy services to Artificial Solutions (previously Indentive AB) up until June 2018. The consultancy services related to advisory to the Chief Executive Officer regarding procurement of capital and listing process. After the listing in 2017, Mikael Hult has advised Artificial Solutions (previously Indentive AB) on

investor relation issues and on other stock exchange related tasks. The remuneration was based on a monthly fee of SEK 135,000. The remuneration amounted to SEK 1,620,000 for 2017 and the remuneration amounted to SEK 765,000 for 2018.

Björn Persson (prior chairman) has through Connova Holding AB ("**Connova**") provided consultancy services to Artificial Solutions (previously Indentive AB) during the period January–December 2018. Björn Persson was during the period one of the beneficial owners in Connova (through Warehouse Consulting i Motala AB ("**Warehouse Consulting**")), which has been Artificial Solutions' (previously Indentive AB) largest shareholder, and previously owner in Vodvision Europe AB ("**Vodvision**"). The consultancy services related to work on product strategy, product development strategy, general strategy issues and working on capital procurement and preparation of prospectus. The remuneration for the consultancy services was based on a monthly fee of SEK 150,000. The remuneration amounted to SEK 875,000 for 2018.

Björn Persson has through Warehouse Consulting provided consultancy services to Artificial Solutions (previously Indentive AB) during the period 1 July–10 December 2018. The consultancy services related to work in connection with the Reverse Takeover, such as project management, co-ordination of agreement negotiations etc. The remuneration for the consultancy services was based on a fixed remuneration of SEK 750,000 during the agreement period.

Anders Visell (prior Chief Executive Officer) has through Vodvision provided consultancy services to Artificial Solutions (previously Indentive AB) during the period April 2017–January 2018. Anders Visell was during the period one of the beneficial owners in Connova (through Anders Visell AB), which has been the Company's largest shareholder, and previously owner and Chief Executive Officer of Vodvision. The consultancy services related to support on corporate governance, work on routines and internal control, work in connection with Artificial Solutions' (previously Indentive AB) listing on Nasdaq First North Growth Market and operational management support and provision of CEO-services. The remuneration for the consultancy services was based on a monthly fee of SEK 135,000. The remuneration amounted to SEK 1,017,950 for 2017. For the period 1 January–30 January 2018, the remuneration amounted to SEK 150,000. Anders Visell was employed as Chief Executive Officer in Artificial Solutions (previously Indentive AB) during the period 1 February–31 December 2018. Anders Visell was hired as Chief Executive Officer in Indentive Värdepapper on 1 January 2019. Anders Visell has also held the position as Chief Executive Officer in Artificial Solutions (previously Indentive AB) up to and including 28 February 2019.

Ulrika Andersson (prior Chief Financial Officer) has through ULAN Konsult AB provided consultancy services to Artificial Solutions (previously Indentive AB) up until October 2017. The consultancy services have related to the position as Chief Financial Officer. The remuneration for the consultancy services was based on an hourly fee. The remuneration amounted to SEK 942,000 for 2017. Ulrika Andersson was

employed as Chief Financial Officer in Artificial Solutions (previously Indentive AB) during the period 1 November 2017–31 December 2018. On 1 January 2019, Ulrika Andersson was hired as Chief Financial Officer in Indentive Värdepapper.

Jens Gabrielsson (prior Vice president of Sales) has through Vodvision provided consultancy services to Artificial Solutions (previously Indentive AB) during the period October 2017–January 2018. Jens Gabrielsson was during the period one of the beneficial owners in Connova (through Jens Gabrielsson Consulting AB), which has been Artificial Solutions' (previously Indentive AB) largest owner, and previously owner of Vodvision. The consultancy services related to international customer prospecting, sales, customer negotiation and process improvements regarding sales and marketing. The remuneration was based on a monthly fee of SEK 80,000. The remuneration amounted to SEK 200,000 for 2017. The remuneration amounted to SEK 150,000 for 2018. Jens Gabrielsson was employed as Artificial Solutions' (previously Indentive AB) Vice president of sales during the period 1 February–31 December 2018. On 1 January 2019, Jens Gabrielsson was hired as Vice president of sales in Indentive Operations AB.

Remuneration regarding financial advice

Jan Johansson (prior board member) has through Jan Johansson Förvaltnings AB provided financial advice to Artificial Solutions (previously Indentive AB) in connection with preparations and implementation of previous offerings. The advisory services related to support in capital procurement and listing process. The remuneration was based on a monthly fee of SEK 50,000. The remuneration amounted to SEK 450,000 for 2017. The remuneration amounted to SEK 225,000 for 2018.

Divestment of the shares in Pergas AB

As part of Artificial Solutions' (previously Indentive AB) focus on its core business, Vodvision has divested the shares in its wholly owned subsidiary Pergas AB to Hansson Kreativitet AB, which was owned by Ola Hansson, the Chief Executive Officer of Pergas AB at that time. Vodvision acquired Pergas AB 2017 for SEK 159,000 and the purchase price for the shares in the divestment to Hansson Kreativitet AB amounted to SEK 175,000.

Miscellaneous

In addition to what is stated above, no board member or member of the executive management has participated, directly or indirectly, as counterpart in any of the Company's or its subsidiaries business transactions, of which were unusual in nature or in respect of the terms and of which in any respect remain unregulated or unfinished. Nor have the auditors participated in any of the business transactions as above. In addition to what has been stated above, neither the Company nor any subsidiary within the Group has granted any loans, warranties or guarantee commitments to or to the benefit of any board member, members of the executive management or auditors of the Company. For further information regarding remuneration to the board of directors and members of the executive management, see section "*Corporate governance*".

DOCUMENTS AVAILABLE

Artificial Solutions' memorandum of association and articles of association are, during the entire period of validity of the Prospectus, kept available for review at the Company's head office, Stureplan 15, 111 45 Stockholm (ordinary office hours on business days).

The documents are also available in electronic form at Artificial Solutions' website, www.artificial-solutions.com.

HISTORICAL FINANCIAL INFORMATION

| Financial information for Artificial Solutions Holding | Page |
|---|-------------|
| 2017 Annual Report of Artificial Solutions Holding | F-2 |
| 2018 Annual Report of Artificial Solutions holding | F-25 |

2017 ANNUAL REPORT OF ARTIFICIAL SOLUTIONS HOLDING

The board and the managing director of Artificial Solutions Holding ASH AB hereby submits the annual accounts and the consolidated account for the financial year 2017-01-01 to 2017-12-31

All amounts in the annual report and consolidated accounts are reported in Euro.

MANAGEMENT REPORT

Scope and type of operations:

Artificial Solutions is the leading specialist in Natural Language Interaction (NLI), a form of Artificial Intelligence that allows people to talk to applications and electronic devices in free-format, natural language, using speech, text, touch or gesture.

The company's multi-award winning software development and conversational analytics platform, Teneo, enables sophisticated natural language applications to be created in record time without the need for specialist linguistic skills.

Already used in the deployment of numerous natural language projects, Artificial Solutions enjoys the full backing of its stakeholders as it continues to invest in ground breaking research and development for Teneo. At the cutting edge of artificial intelligence, this disruptive technology enables clients to better connect and understand their customers, differentiate their business, drive new revenues and reduce costs.

Significant events during the financial year

In June 2017 the existing loan agreement with a credit institution was renegotiated. The term of the loan was extended to 1st March of 2019, and the capital value was increased to EUR 6.9m.

In June 2017 a new loan was negotiated with a credit institution, principal amounts to EUR 1,600,000.

During September and November 2017, different bridged loans were received. Principal amounts to EUR 2,350,000.

During 2017 the Company registered:

- 60,665 Preference Shares of series C, which were approved in AGM 2nd of June of 2016.
- 120,255 Preference Shares of series C, which were approved in EGM 2nd of November of 2016.
- 61,664 Preference Shares of series M, which were approved in EGM 8th of February of 2017.

In November 2017, the company approved the issuance of 202,532 preference shares of series D at a price of 39.50 euros per share. At the time of signing this annual report, there is a principle agreement on investments of a total of EUR 7.5 million in D series preference shares with adjusted terms that are expected to be completed before end of June 2018.

Further negotiations are ongoing with existing lenders and lending providers to convert loans to equity on similar terms.

The Board continues in discussions with other investors and expects further investments during 2018. As such the Board considers that the funds already invested as well as the additional funds available will be sufficient to finance the business until such time as the Company reaches Cash flow positivity. However, when the Annual Report has been submitted, there is no binding agreement for the continued financing, whereby the Board assesses that there is significant doubt about continued operation.

Future developments, risks and uncertainties:

Through its operations, the Group is exposed to a range of operational and financial risks. The Group has sales and purchases in currencies other than its functional currency. This exposes the Group to transaction and translation differences as the sales and purchases are recognized at spot rate, which may have changed at the subsequent settlement. Also, the Group has net investments in foreign subsidiaries which also expose it to translation differences upon consolidation. The Group's objective is to achieve long-term, stable, financing that provides an appropriate gearing at a reasonable cost, as well as sufficient funding for the Group to finance its operations and investment requirements. The long term financing requirements are reviewed regularly and management ascertains that appropriate credit lines and other sources of funding are available. Regular cash flow analyses are prepared to plan short-term liquidity requirements.

The Group's sales exposes it to credit risks as losses are incurred if the customers cannot pay. So far, the Group's credit losses have been minimal.

The Board believes that the current cash flow forecast is reliable and based on reasonable predictions of the future business outcomes. The Group's target customers are major global corporations. The nature of individual sales agreements with these customers are expected to be very substantial but the forecasting as to quantum and timing of such agreements is difficult to predict with certainty.

The Board further considers that in the event additional funding may be required to support longer than predicted sales cycles that such funds would be available to the Company.

Research and Development

In 2017 the main focus of R&D has been to use big data technologies to connect the collected conversational log data to Teneo Studio to provide bot developers with a unique functionality, which Teneo is first on the market to offer, to follow how their bots behave both functionally and statistically from the development environment. In addition, the Teneo Platform has been extended with even more machine learning and the company has taken forward a novel hybrid approach to Natural Language Understanding that has been patented and that will be incorporated into the platform during 2018. R&D activities relating to the development of products with demonstrable future value are capitalized; all other expenses are accounted for in the period in which they are incurred. Based on this for 2017, EUR 863k (EUR 629K in 2016) of internally developed software was capitalized as an intangible asset. Internally developed R&D is calculated based on the fully-loaded cost of the man hours spent developing applications, reusable knowledge and methodology which can be considered to be of future value. Group policy is that, considering market the company operates in and the return on the investment expected, developed assets have a Useful Economic Life of 5 years. See Note 7.

Use of financial instruments

The Zero Coupon Deep Discount Bond issued in December 2012, with maturity date in June 2015, remains outstanding pending agreement from the bondholder with regards to method of repayment. The face value of the bond, is EUR 165k. The company has accrued EUR 50k interest for the period since the maturity date.

In June 2017 the existing loan agreement with a credit institution was renegotiated. The term of the loan was extended to 1st March of 2019, and the capital value was increased to EUR 5,6m, "Senior Loan".

In June 2017 a new loan agreement with a credit institution was signed. The capital value is EUR 1,6m. The interest rate 12% annual. The last repayment date is June 2019. This loan is subordinated to the existing "Senior Loan".

In September 2017 three bridge loans were received. Total capital value EUR1,5m. The repayment factor is 1.2 on capital value. This loan is subordinated to the "Senior Loan".

In November 2017 two bridge loans were received. Total capital value EUR0,85m. The repayment factor is 1.2 on capital value. This loan is subordinated to the "Senior Loan".

Ownership

At 31 December 2017 the Company's share capital was owned by various private companies, equity firms, a company held by the Group Senior Managers and other individuals. The percentage of ownership on the Group as at 31 december 2017 is as follows:

| Shareholder | Total Shares | Ownership |
|--|------------------|-------------|
| Scope Growth II L.P. | 932,026 | 30% |
| Scope Growth III L.P. | 682,833 | 22% |
| Various shareholders ownership below 10% | 1,476,987 | 48% |
| Total | 3,091,846 | 100% |

Sales, profit/loss and financial position

The Group

| EUR '000 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------|---------|---------|--------|--------|--------|
| Net sales | 4,951 | 3,620 | 2,879 | 3,631 | 3,630 |
| Operating loss | -9,435 | -8,389 | -7,986 | -6,751 | -7,820 |
| Loss after financial items | -10,927 | -10,171 | -8,621 | -8,499 | -8,993 |
| Total intangible assets | 3,873 | 5,561 | 7,198 | 8,632 | 9,635 |
| Total equity | -7,526 | -1,807 | -4,487 | -1,500 | 2,320 |
| Solidity | -115% | -20% | -50% | -14% | 19.3% |
| Average no. of employees | 102 | 86 | 76 | 85 | 99 |

Proposal for the treatment of the unappropriated earnings

The Group

The Group's non-restricted equity amounts to EUR –10618,0k of which EUR –10927,0k are loss for the current year.

The parent company

The following are available for appropriation at the annual general meeting

| (EUR) | 2017 |
|-----------------------|-------------------|
| Share premium reserve | 62,775,660 |
| Loss carried forward | –26,286,336 |
| Result for the year | –17,045,914 |
| | 19,443,410 |

The board and the managing director proposes that

| | |
|----------------------------------|-------------------|
| the following be carried forward | 19,443,410 |
| | 19,443,410 |

Change in Equity

| The Group | Share capital | Restricted reserves | Sum shared capital |
|--------------------------------|------------------|---------------------|--------------------|
| Amount brought forward | 2,849,262 | – | 2,849,262 |
| New registration of shares | 242,584 | – | 242,584 |
| Balance carried forward | 3,091,846 | – | 3,091,846 |

| The Group | Non-restricted reserves | Net profit/loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|-------------------------|------------------------------|----------------------------|-------------------|
| Amount brought forward | –4,656,420 | – | –4,656,420 | –1,807,158 |
| New issue of shares | 4,648,135 | – | 4,648,135 | 4,890,719 |
| Translation differences | 317,261 | – | 317,261 | 317,261 |
| Net loss for the year | – | –10,927,078 | –10,927,078 | –10,927,078 |
| Balance carried forward | 308,977 | –10,927,078 | –10,618,102 | –7,526,256 |

| Parent company | Share capital | Restricted reserves | Sum restricted capital |
|--------------------------------|------------------|---------------------|------------------------|
| Amount brought forward | 2,849,262 | – | 2,849,262 |
| New registration of shares | 242,584 | – | 242,584 |
| Balance carried forward | 3,091,846 | – | 3,091,846 |

| Parent company | Non-restricted reserve | Net profit/loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|------------------------|------------------------------|----------------------------|-------------------|
| Amount brought forward | 58,127,525 | –26,286,336 | – | 34,690,451 |
| New registration of shares | 4,648,135 | – | – | 4,890,719 |
| Net profit for the year | – | – | –17,045,914 | –17,045,914 |
| Balance carried forward | 62,775,660 | –26,286,336 | –17,045,914 | 22,535,256 |

Please refer to the following income statements, balance sheets, 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 Euros (EUR) unless otherwise indicated.

CONSOLIDATED INCOME STATEMENT

| EUR | Note | 2017-01-01 2017-12-31 | 2016-01-01 2016-12-31 |
|---|------|--------------------------|--------------------------|
| Operating income, etc. | | | |
| Net sales | 1 | 4,950,518 | 3,620,442 |
| Capitized amount for own accounts | 4 | 871,718 | 635,823 |
| Other operating income | 1 | 1,234,417 | 901,468 |
| | | 7,056,653 | 5,157,733 |
| Operating expenses | | | |
| Other external costs | 2, 3 | -4,278,158 | -3,378,667 |
| Personnel costs | 4 | -9,572,166 | -7,873,074 |
| Depreciation and amortisation on fixed assets | 7, 8 | -2,641,364 | -2,293,198 |
| Other operating expenses | | -325 | -2,248 |
| Operating loss | | -9,435,360 | -8,389,455 |
| Result from financial investments | | | |
| Interest income and similar items | 5 | 448,895 | 277,549 |
| Interest expenses and similar items | 6 | -1,940,614 | -2,058,959 |
| Loss after financial items | | -10,927,078 | -10,170,865 |
| Tax on profit for the year | | - | -3,463 |
| NET LOSS FOR THE YEAR | | -10,927,078 | -10,174,328 |

CONSOLIDATED BALANCE SHEET

| EUR | Note | 2017-12-31 | 2016-12-31 |
|---|------|------------------|------------------|
| ASSETS | | | |
| <i>Fixed assets</i> | | | |
| Intangible assets 7 | | | |
| Capitalized expenditure for licences software and content development | | 3,106,584 | 3,479,932 |
| Goodwill | | 766,770 | 2,081,233 |
| | | 3,873,354 | 5,561,164 |
| Tangible assets | | | |
| Equipment, furniture and fittings | 8 | 226,964 | 239,789 |
| | | 226,964 | 239,789 |
| Total fixed assets | | 4,100,319 | 5,800,953 |
| Other non-current receivables | | 517,305 | 379,844 |
| Total non current assets | | 4,617,624 | 6,180,798 |
| <i>Current assets</i> | | | |
| Current receivables | | | |
| Accounts receivable – trade | | 398,853 | 733,538 |
| Tax receivable | | 369,309 | 515,378 |
| Other receivables | | 88,112 | 109,232 |
| Prepaid expenses and accrued income | 11 | 582,578 | 608,518 |
| Total current assets | | 1,438,852 | 1,966,667 |
| Cash and bank balances | | 490,838 | 810,415 |
| Total current assets | | 1,929,691 | 2,777,082 |
| TOTAL ASSETS | | 6,547,314 | 8,957,880 |

CONSOLIDATED BALANCE SHEET, CONT.

| EUR | Note | 2017-12-31 | 2016-12-31 |
|--|-----------|-------------------|-------------------|
| EQUITY AND LIABILITIES | 12 | | |
| Equity | | | |
| Share capital | | 3,091,846 | 2,849,262 |
| Share premium reserve | | 62,775,660 | 58,127,525 |
| Other equity including result for the year | | -73,393,762 | -62,783,945 |
| Total equity | | -7,526,256 | -1,807,158 |
| Long-term liabilities | | | |
| Liabilities to other lenders | 13 | 2,537,419 | 4,715,231 |
| Total Long-term liabilities | | 2,537,419 | 4,715,231 |
| Current liabilities | | | |
| Liabilities to other lenders | 13 | 7,776,290 | 2,609,171 |
| Accounts payable – trade | | 395,245 | 166,695 |
| Income tax liability | | 5,314 | 11,020 |
| Other liabilities | | 240,646 | 183,113 |
| Accrued expenses and deferred income | 14 | 3,118,657 | 3,079,809 |
| Total current liabilities | | 11,536,151 | 6,049,808 |
| TOTAL EQUITY AND LIABILITIES | | 6,547,314 | 8,957,880 |

CONSOLIDATED CASH FLOW STATEMENT

| EUR | Note | 2017-01-01 2017-12-31 | 2016-01-01 2016-12-31 |
|--|------|--------------------------|--------------------------|
| Operating activities | | | |
| Operating loss | | -9,435,360 | -8,389,455 |
| <i>Adjustment for items not included in cash flow'</i> | | | |
| - Depreciation/amortisation on assets | | 2,641,364 | 2,293,198 |
| - Adjustments for items excluded from cash flow statement | 18 | 320,310 | 1,035,549 |
| | | -6,473,686 | -5,060,707 |
| Interest received | | 363,046 | 208,127 |
| Interest paid | | -887,636 | -878,728 |
| Taxation paid and received | | 140,363 | -513,297 |
| Cash flow from operating activities before changes in working capital | | -6,857,913 | -6,244,605 |
| Cash flow from changes in working capital | | | |
| (Increase)/Decrease in receivables | | 358,686 | 66,269 |
| Increase/(Decrease) in liabilities | | 359,947 | -434,981 |
| Cash flow from operating activities | | -6,139,280 | -6,613,316 |
| Investing activities | | | |
| Payments to acquire tangible fixed assets | 8 | -62,785 | -111,875 |
| Payments to acquire intangible fixed assets | 7 | -881,923 | -639,643 |
| Cash flow from investing activities | | -944,707 | -751,518 |
| Financing activities | | | |
| New share issue | 12 | 3,833,197 | 8,266,500 |
| Cost of new share issue | 12 | -186,943 | -178,753 |
| New emission of shares non registered | 13 | - | 1,244,465 |
| Change in loans | 13 | 3,118,155 | -1,303,561 |
| Cash flow from financing activities | | 6,764,409 | 8,028,651 |
| Net change in cash and cash equivalents | | -319,578 | 663,817 |
| Cash and cash equivalents beginning of the year | | 810,415 | 146,599 |
| Cash and cash equivalents end of the year | | 490,837 | 810,415 |

PARENT COMPANY INCOME STATEMENT

| EUR | Note | 2017-01-01 2017-12-31 | 2016-01-01 2016-12-31 |
|--|------|--------------------------|--------------------------|
| Operating income, etc. | | | |
| Other operating income | 1 | 885,575 | 133,666 |
| | | 885,575 | 133,666 |
| Operating expenses | | | |
| Other external costs | 2, 3 | -17,952,107 | -517,171 |
| Operating loss | | -17,066,532 | -383,505 |
| Result from financial investments | | | |
| Interest income and similar items | 5 | 1,292,673 | 837,711 |
| Interest expenses and similar items | | -1,272,055 | -841,494 |
| Loss after financial items | | -17,045,914 | -387,288 |
| Result before tax | | -17 045 914 | - 387 288 |
| Tax on result for the year | | - | - |
| NET RESULT FOR THE YEAR | | -17,045,914 | -387,288 |

PARENT COMPANY BALANCE SHEET

| EUR | Note | 2017-12-31 | 2016-12-31 |
|-------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| <i>Fixed assets</i> | | | |
| Financial assets | | | |
| Participations in Group companies | 9 | 16,506,262 | 16,506,262 |
| Receivables from Group companies | 10 | 17,506,024 | 26,354,306 |
| | | 34,012,285 | 42,860,568 |
| Total fixed assets | | 34,012,285 | 42,860,568 |
| <i>Current assets</i> | | | |
| Current receivables | | | |
| Prepaid expenses and accrued income | 11 | 286,444 | 375,639 |
| | | 286,444 | 375,639 |
| Cash and bank balances | | 104,197 | 255,205 |
| Total current assets | | 390,641 | 630,844 |
| TOTAL ASSETS | | 34,402,926 | 43,491,412 |

PARENT COMPANY BALANCE SHEET, CONT.

| EUR | Note | 2017-12-31 | 2016-12-31 |
|--------------------------------------|------|-------------------|-------------------|
| EQUITY AND LIABILITIES | 12 | | |
| <i>Equity</i> | | | |
| Restricted equity | | | |
| Share capital | 10 | 3,091,846 | 2,849,262 |
| | | 3,091,846 | 2,849,262 |
| Non-restricted equity | | | |
| Share premium reserve | | 62,775,660 | 58,127,525 |
| Loss carried forward | | -26,286,336 | -25,899,048 |
| Result for the year | | -17,045,914 | -387,288 |
| | | 19,443,410 | 31,841,189 |
| Total equity | | 22,535,256 | 34,690,451 |
| Long-term liabilities | | | |
| Liabilities to other lenders | 13 | 2,537,419 | 4,715,231 |
| Total Long-term liabilities | | 2,537,419 | 4,715,231 |
| Current liabilities | | | |
| Liabilities to other lenders | 13 | 7,776,290 | 2,609,171 |
| Accounts payable – trade | | 40,057 | 11,020 |
| Liabilities to Group companies | | 1,406,892 | 1,394,619 |
| Accrued expenses and deferred income | 14 | 107,013 | 70,922 |
| Total current liabilities | | 9,330,252 | 4,085,731 |
| TOTAL EQUITY AND LIABILITIES | | 34,402,926 | 43,491,412 |

PARENT COMPANY CASH FLOW STATEMENT

| EUR | Note | 2017-01-01 2017-12-31 | 2016-01-01 2016-12-31 |
|--|------|--------------------------|--------------------------|
| Operating activities | | | |
| Operating loss | | -17,066,532 | -383,505 |
| Adjustments for items excluded from cash flow statement | 18 | 17,504,000 | 130,000 |
| | | 437,468 | -253,505 |
| Interest received | | 6,008 | 8,910 |
| Interest paid | | -449,350 | -626,307 |
| Cash flow from operating activities before changes in working capital | | -5,875 | -870,902 |
| Cash flow from changes in working capital | | | |
| Increase/(Decrease) in receivables | | -7,223,382 | -6,919,132 |
| (Increase)/Decrease in liabilities | | 313,840 | -33,253 |
| Cash flow from operating activities | | -6,915,418 | -7,823,287 |
| Financing activities | | | |
| New share issue | 12 | 3,833,197 | 8,266,500 |
| Cost of new share issue | | -186,943 | -178,753 |
| New emission of shares non registered | | - | 1,244,465 |
| Change in loans | 13 | 3,118,155 | -1,303,561 |
| Cash flow from financing activities | | 6,764,409 | 8,028,651 |
| Net change in cash and cash equivalents | | -151,009 | 205,364 |
| Cash and cash equivalents beginning of the year | | 255,205 | 49,842 |
| Cash and cash equivalents end of the year | | 104,197 | 255,205 |

NOTES AND DISCLOSURES

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.

Estimates and judgments

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

Management has assessed the application of accounting principles and identified sources of uncertainty in estimates, principally related to the value of Intangible assets and the future revenue streams likely to be generated by sales of licenses and professional services. In arriving at these assessments Management has assessed carefully a number of potential transformational agreements under negotiation, independent valuations of the Group patent portfolio, as well as transactions involving similar companies. The nature and timing of these agreements remains subject to uncertainty. The forecasts of future cash flows are based on Management's best estimates of future revenues and expenses. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, available technology, business volumes, margins and cost effectiveness. Changes to any of these or other key parameters can have an effect on the forecasted cash flows and the company's ability to support the book value of goodwill and/or shares held in subsidiaries. Under current market conditions no such adverse changes are anticipated, but may do so in subsequent periods. The management considers that sufficient funds will be available to support the ongoing development of the solutions and the continuing sales cycles to fund the business.

Consolidated accounts

The consolidated financial statements, formed by the parent company and all subsidiaries, cover all the operations until 31 December 2017. 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 Euros 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.

Translation of foreign subsidiaries' income statements and balance sheets

The Euro 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.

Valuation principle

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

Fixed assets

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

| | |
|--|----------|
| Goodwill | 10 years |
| Capitalized expenditure for software development | 5 years |
| Other intangible assets | 5 years |
| Equipment, furniture and fittings | 5 years |

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

Financial assets

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

Goodwill

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

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

Receivables

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

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.

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 recognised only to the extent that they are expected to be recovered within foreseeable future. No deferred tax receivables have been accounted for.

Capitalized expenditure for software development

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

Revenue recognition

Revenues related to software licenses, hosting and support are being recognized on a linear basis over the life of the contract. Professional Services revenue is recognized the later of; as delivered, or ratably over the life of the agreement depending on the nature of the agreement with the customer.

Definition of key figures

Equity ratio = Adjusted equity as a percentage of total assets.

NOTES

Note 1 NET SALES PER SOURCE AND OTHER OPERATING INCOME

Nettoomsättningen uppdelad efter geografisk marknad.

| | The Group | | Parent company | |
|-------------------------------|------------------|------------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Mainly Europe | 3,130,168 | 1,871,360 | – | – |
| USA | 1,820,350 | 1,749,082 | – | – |
| Total Net Sales | 4,950,518 | 3,620,442 | – | – |
| Other operating income | 1,234,417 | 901,468 | 885,575 | 133,666 |

Artificial Solutions Iberia has received confirmation that its application for a tax credit in respect of R+D in accordance with the Spanish law Ley del Impuesto de Sociedades, art. 35, had been successful for the fiscal year 2016. The company will request for the tax refund of €364k, which the company expects to receive during 2018. Due to the nature of the R+D work undertaken and the requirements

necessary for a successful application, no accrual has been made in respect of potential tax refunds for the fiscal year 2017, however it does remain a possibility that such a claim will succeed.

During 2017, the Group has transferred the titularity on one of its trademarks to a third external party in USA. The transaction value is EUR 884k

Note 2 LEASING COMMITMENTS

During 2017 the Group's payments due to leasing commitments amounts to EUR 451K (2016 EUR 327K).

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

| | The Group | | Parent company | |
|---|----------------|----------------|----------------|------|
| | 2017 | 2016 | 2017 | 2016 |
| Future minimum lease payments amount to: | | | | |
| – within one year | 154,261 | 126,274 | – | – |
| – later then one year but within five years | 23,138 | 1,889 | – | – |
| – later then five year | – | – | – | – |
| Total | 177,399 | 128,163 | – | – |

Note 3 DISCLOSURE OF AUDIT FEE AND COST REIMBURSEMENTS

| | The Group | | Parent company | |
|--|---------------|---------------|----------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Grant Thornton | | | | |
| Audit engagement | 67,096 | 66,615 | 8,180 | – |
| Tax consultancy | – | – | – | – |
| Other services | 1,000 | – | – | – |
| Others | | | | |
| Audit engagement | 2,000 | 2,000 | – | – |
| Audit work in addition to audit engagement | – | 22,329 | – | 4,978 |
| Total | 70,096 | 90,944 | 8,180 | 4,978 |

Note 4 AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY CHARGES

| Average no. Of employees | 2017 | | 2016 | |
|-------------------------------------|------------------|-------------|------------------|-------------|
| | No. of employees | Whereof men | No. of employees | Whereof men |
| Parent company | | | | |
| Artificial Solutions Holding ASH AB | - | - | - | - |
| Total in parent company | - | - | - | - |
| Subsidiaries | | | | |
| Sweden | 11 | 73% | 15 | 67% |
| Germany | 5 | 80% | 4 | 95% |
| Spain | 42 | 51% | 35 | 53% |
| Italy | 1 | 0% | 1 | 0% |
| Great Britain | 27 | 73% | 22 | 71% |
| Netherlands | 5 | 100% | 4 | 100% |
| United States of America | 11 | 34% | 5 | 52% |
| Total in subsidiaries | 102 | 72% | 86 | 63% |
| GROUP TOTAL | 102 | 72% | 86 | 63% |

| Salaries, remunerations, etc. | 2017 | | 2016 | |
|-------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| | Salaries and other remunerations | Soc. costs (of which pensions) | Salaries and other remunerations | Soc. costs (of which pensions) |
| Parent company | - | - | - | - |
| Subsidiaries | 7,481,300 | 1,613,482 (498,309) | 6,136,985 | 1,330,565 (414,307) |
| Group total | 7,481,300 | 1,613,482 (498,309) | 6,136,985 | 1,330,565 (414,307) |

Out of total personnel costs in 2017 EUR 585k (2016 EUR 447k) have been capitalized as development expenditure.

| Salaries and other remunerations allocated by country and split between board members & management and other employees | 2017 | | 2016 | |
|--|---|---------------------------------------|---|---------------------------------------|
| | The board and managing director (of which bonus, etc) | Other employees (of which bonus, etc) | The board and managing director (of which bonus, etc) | Other employees (of which bonus, etc) |
| Parent company | | | | |
| Artificial Solutions Holding ASH AB | - | - | - | - |
| Total in parent company | - | - | - | - |
| Subsidiaries in Sweden | 272,369 | 423,114 | 239,700 | 637,969 |
| Foreign Subsidiaries | | | | |
| Spain | - | 1,849,802 | - | 1,395,209 |
| Germany | - | 453,526 | - | 283,066 |
| Great Britain | 1,191,969 | 1,505,921 | 1,160,303 | 1,316,321 |
| France | - | - | - | - |
| Netherlands | - | 365,612 | - | 257,889 |
| United States of America | - | 1,282,824 | - | 715,018 |
| Italy | - | 136,162 | - | 131,510 |
| Total in subsidiaries | 1,464,338 | 6,016,962 | 1,400,003 | 4,736,982 |
| | 24,702 | (-13,326) | 137,487 | 139,685 |
| Group Total | 1,464,338 | 6,016,962 | 1,400,003 | 4,736,982 |
| | 24,702 | (-13,326) | 137,487 | 139,685 |

EUR 38k (2016 EUR 42k) of the Swedish subsidiary's pensions costs refers to the board and managing director. EUR 47k (2016 EUR 31k) of the British subsidiary's pensions costs refers to the board and managing director.

No severance pay has been agreed with the managing director. The senior management team is composed by nine men.

Note 5 INTEREST INCOME AND SIMILAR ITEMS

| | The Group | | Parent company | |
|---------------------|----------------|----------------|------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Interest income | 6,976 | 32,374 | 1,286,665 | 828,805 |
| Exchange rate gains | 441,920 | 245,175 | 6,008 | 8,906 |
| Total | 448,895 | 277,549 | 1,292,673 | 837,711 |

EUR 1,287k (2016 EUR828k) of interest income and similar income statement items is income from Group companies.

Note 6 INTEREST EXPENSE AND SIMILAR ITEMS

| | The Group | | Parent company | |
|----------------------|------------------|------------------|------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Interest expenses | 1,225,998 | 799,612 | 1,255,076 | 822,511 |
| Exchange rate losses | 714,615 | 1,259,348 | 16,978 | 18,983 |
| Total | 1,940,614 | 2,058,959 | 1,272,055 | 841,494 |

EUR 31k (2016 EUR 28k) of interest expense and similar expense statement items is expense from Group companies.

EUR 1197,877k (2016 EUR 755k) of interest expense and similar expense statement items is mainly expense from private borrowers.

Note 7 INTANGIBLE FIXED ASSETS

| | The Group | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| Licenses & IP rights | | |
| Acquisition value b/f | 2,102,656 | 2,099,214 |
| Purchases | 6,230 | 3,814 |
| Disposals | – | – |
| Exchange rate adjustments | –279 | –373 |
| Accumulated acquisition values c/f | 2,108,606 | 2,102,656 |
| Amortisation b/f | –1,935,130 | –1,925,292 |
| Charge for the year | –5,138 | –10,116 |
| Disposals | – | – |
| Exchange rate adjustments | 279 | 278 |
| Accumulated amortisation c/f | –1,939,988 | –1,935,130 |
| Residual value acc. to plan c/f | 168,618 | 167,526 |

| | The Group | |
|--|-------------------|-------------------|
| | 2017 | 2016 |
| Capitalized expenditure for development | | |
| Acquisition value b/f | 9,055,481 | 8,419,558 |
| Purchases | 875,692 | 635,923 |
| Disposals | – | – |
| Accumulated acquisition values c/f | 9,931,173 | 9,055,481 |
| Amortisation b/f | –5,743,075 | –4,847,694 |
| Charge for the year | –1,250,133 | –895,380 |
| Disposals | – | – |
| Accumulated amortisation c/f | –6,993,207 | –5,743,075 |
| Residual value acc. to plan c/f | 2,937,966 | 3,312,406 |

Note 7 Intangible fixed assets, cont.

| | The Group | |
|---|--------------------|--------------------|
| | 2017 | 2016 |
| Goodwill | | |
| Acquisition value b/f | 13,144 627 | 13,274 627 |
| Purchases | – | – |
| Disposals | – | –130,000 |
| Accumulated acquisition values c/f | 13,144 627 | 13,144,627 |
| Amortisation b/f | –11,063 394 | –9,822,598 |
| Charge for the year | –1,314 463 | –1,323,129 |
| Disposals | – | 82,333 |
| Accumulated amortisation c/f | –12,377 857 | –11,063,394 |
| Residual value acc. to plan c/f | 766,770 | 2,081,233 |
| Net book value intangible assets | 3,873,354 | 5,561,165 |

The acquisition of Artificial Solutions BV in 2008 and the calculation of goodwill was based on the following components:

| | |
|--|-------------------|
| Purchase consideration: | |
| – Cash payment | 1,500,000 |
| – Value of issued shares | 11,361,111 |
| Total purchase consideration | 12,861,111 |
| Fair value of net liabilities acquired | 283,516 |
| Goodwill | 13,144,627 |

Note 8 EQUIPMENT, FURNITURE AND FITTINGS

| | The Group | | Parent company | |
|---|-----------------|-----------------|----------------|------------|
| | 2017 | 2016 | 2017-12-31 | 2016-12-31 |
| Acquisition value b/f | 566,589 | 517,082 | – | – |
| Purchases | 62,785 | 111,781 | – | – |
| Disposals | –19,664 | –29,963 | – | – |
| Exchange rate adjustments | –12,917 | –32,311 | – | – |
| Accumulated acquisition values c/f | 596,792 | 566,589 | – | – |
| Depreciation b/f | –326,801 | –308,214 | – | – |
| Depreciation for the year | –71,632 | –64,571 | – | – |
| Disposals | 18,737 | 27,710 | – | – |
| Exchange rate adjustments | 9,868 | 18,275 | – | – |
| Accumulated depreciation c/f | –369,828 | –326,801 | – | – |
| Net book value carried forward | 226,964 | 239,788 | – | – |

Note 9 PARTICIPATIONS IN SUBSIDIARIES

| The company's name | Corp. ID No. | Domicile | Equity | Profit/-loss this year |
|---|--------------|---------------|------------|------------------------|
| Artificial Solutions B.V. | 34162309 | Netherlands | -747,497 | -957,508 |
| Artificial Solutions (Netherlands) B.V. | 52079155 | Netherlands | 19,373 | -2,532 |
| Artificial Solutions Scandinavia AB | 556256-4657 | Sweden | 41,546 | -222,100 |
| Artificial Solutions Iberia SL | B62059068 | Spain | 402,726 | -5,675,225 |
| Artificial Solutions Germany GmbH | HRB162917 | Germany | 35,070 | -428,000 |
| Artificial Solutions France SAS | 499228955RCS | France | -836,482 | -13,410 |
| Artificial Solutions UK Limited | 06200470 | Great Britain | -7,036,405 | -1,393,849 |
| Artificial Solutions Italia S.R.L. | 09663760016 | Italy | 148,470 | 66,535 |
| Artificial Solutions Inc | 98-1119596 | United States | -1,330,738 | -1,531,597 |

| The company's name | No. of participations | Share of equity % | Book value |
|---|-----------------------|-------------------|-------------------|
| Artificial Solutions B.V. | 200 | 100% | 16,506,262 |
| Artificial Solutions (Netherlands) B.V. | 18,000 | 100% | - |
| Artificial Solutions Scandinavia AB | 1,000 | 100% | - |
| Artificial Solutions Iberia SL | 500 | 100% | - |
| Artificial Solutions Germany GmbH | 1 | 100% | - |
| Artificial Solutions France SAS | 3,700 | 100% | - |
| Artificial Solutions UK Limited | 1,000 | 100% | - |
| Artificial Solutions Italia S.R.L. | 1 | 100% | - |
| Artificial Solutions Inc | 1,000 | 100% | - |
| | | | 16,506,262 |

In 2017, Artificial Solutions B.V. has made shareholders contribution of EUR 428,000 to Artificial Solutions Germany GmbH, EUR 6,067,500 to Artificial Solutions Iberia SL, and EUR 193,625 to Artificial Solutions Scandinavia AB.

In 2016, Artificial Solutions Holding ASH AB has made shareholders contribution of EUR 336,000 to Artificial Solutions B.V.. Artificial Solutions B.V. has made shareholders contribution of EUR 296,327 to Artificial Solutions Scandinavia AB, EUR 5,880,000 to Artificial Solutions Iberia SL, and EUR 445,000 to Artificial Solutions Germany GmbH.

Note 10 RECEIVABLES FROM GROUP COMPANIES

| | Parent company | |
|---------------------------------------|--------------------|--------------------|
| | 2017 | 2016 |
| Accumulated acquisition value | | |
| Accumulated cost b/f | 51,693,239 | 44,431,665 |
| Additional receivables | 8,655,717 | 7,277,561 |
| Settlement of receivables | - | -15,987 |
| Accumulated cost c/f | 60,348,957 | 51,693,239 |
| Accumulated impairment losses | | |
| Accumulated write-downs b/f | -25,338,933 | -25,338,933 |
| Write-downs during the year | -17,504,000 | - |
| Accumulated write downs c/f | -42,842,933 | -25,338,933 |
| Net book value carried forward | 17,506,024 | 26,354,306 |

The Board has considered the value of Inter-company Loans. Whilst the Board remains confident that all balances will be repaid, the estimated value of future cash flows could vary very considerably depending upon the assumptions used. The Board has therefore

decided to adopt a conservative approach in recording the value of these assets and made a provision for writing down Inter Company Loans as at 31 December 2017 to 17 504 000€ (0€ in 2016).

Note 11 PREPAID EXPENSES AND ACCRUED INCOME

| | The Group | | Parent company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Prepaid rent | 15,660 | 28,623 | – | – |
| Accrued interests | 285,441 | 367,701 | 285,441 | 367,701 |
| Other items | 281,477 | 212,194 | 999 | 7,938 |
| Total | 582,578 | 608,518 | 286,440 | 375,639 |

Note 12 CHANGE IN EQUITY**PROPOSAL FOR THE TREATMENT OF THE UNAPPROPRIATED EARNINGS****The Group**

The Group's non-restricted equity amounts to EUR –10618,0k of which EUR –10927,0k are loss for the current year.

The parent company

The following are available for appropriation at the annual general meeting

| | 2017 |
|-----------------------|-------------------|
| Share premium reserve | 62,775,660 |
| Loss carried forward | –26,286,336 |
| Result for the year | –17,045,914 |
| | 19,443,410 |

The board and the managing director proposes that

| | |
|----------------------------------|-------------------|
| the following be carried forward | 19,443,410 |
| | 19,443,410 |

| The Group | Share capital | Restricted reserves | Sum share capital |
|--------------------------------|------------------|---------------------|-------------------|
| Amount brought forward | 2,849,262 | – | 2,849,262 |
| New issue of shares | 242,584 | – | 242,584 |
| Balance carried forward | 3,091,846 | – | 3,091,846 |

| The Group | Non-restricted reserves | Net profit/loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|-------------------------|------------------------------|----------------------------|-------------------|
| Amount brought forward | –4,656,420 | – | –4,656,420 | –1,807,158 |
| New issue of shares | 4,648,135 | – | 4,648,135 | 4,890,719 |
| Translation differences | 317,261 | – | 317,261 | 317,261 |
| Net loss for the year | – | –10,927,078 | –10,927,078 | –10,927,078 |
| Balance carried forward | 308,977 | –10,927,078 | –10,618,102 | –7,526,256 |

| Parent company | Share capital | Restricted reserves | Sum share capital |
|--------------------------------|------------------|---------------------|-------------------|
| Amount brought forward | 2,849,262 | – | 2,849,262 |
| New issue of shares | 242,584 | – | 242,584 |
| Balance carried forward | 3,091,846 | – | 3,091,846 |

| Parent company | Non-restricted reserve | Loss carried forward | Net profit/loss for the year | Total equity |
|--------------------------------|------------------------|----------------------|------------------------------|-------------------|
| Amount brought forward | 58,127,525 | –26,286,336 | – | 34,690,451 |
| New issue of shares | 4,648,135 | – | – | 4,890,719 |
| Net result for the year | – | – | –17,045,914 | –17,045,914 |
| Balance carried forward | 62,775,660 | –26,286,336 | –17,045,914 | 22,535,256 |

Share Capital formed by 3,091,846 shares with a quota value of EUR 1, of which 111,283 are Common Shares and 2 980,563 are Preference Shares.

Note 13 BORROWINGS

| | The Group | | Parent company | |
|---|-------------------|------------------|-------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Long-term liabilities | | | | |
| Liabilities to other lenders | 2,537,419 | 4,715,231 | 2,537,419 | 4,715,231 |
| Total | 2,537,419 | 4,715,231 | 2,537,419 | 4,715,231 |
| Current Liabilities | | | | |
| Liabilities to other lenders | 7,776,290 | 2,609,171 | 7,776,290 | 2,609,171 |
| Total | 7,776,290 | 2,609,171 | 7,776,290 | 2,609,171 |
| Grand total interest bearing liabilities | 10,313,708 | 7,324,401 | 10,313,708 | 7,324,401 |

Maturity

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

Note 14 ACCRUED EXPENSES AND DEFERRED INCOME

| | The Group | | Parent company | |
|--|------------------|------------------|----------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Accrued compensations incl. social charges | 1,272,417 | 1,339,084 | – | – |
| Deferred income | 1,362,901 | 1,284,113 | – | – |
| Other items | 483,339 | 456,612 | 107,013 | 70,922 |
| Total | 3,118,657 | 3,079,809 | 107,013 | 70,922 |

Note 15 PLEDGED ASSETS AND WARRANTS

| | The Group | | Parent company | |
|---------------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Pledged Assets | | | | |
| Cash and cash equivalents | 253,968 | 261,713 | 253,968 | 261,713 |
| Chattel mortgages | 4,882,568 | 5,511,550 | 2,486,101 | 2,828,556 |
| Total | 5,136,536 | 5,773,263 | 2,740,069 | 3,090,269 |

The assets pledged are in respect of security for Loans provided to Artificial Solutions ASH AB Group.

On 17th of July 2017 the company issued 17,778 warrants subscribed by a financial entity. During the period of 2017–2027 each entitles the right to subscribe one new Preference C share at the price of 27 Euro per share or in case of new shares issued which rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share.

On 24th of June of 2015, the company issued 23,007 warrants subscribed by a financial entity. During the period of 2015–2025 each warrant entitles the right to subscribe one new Preference C share at the price of 40 Euro per share or in case of new shares issued which rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as

issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. On 29th of June of 2016 it was agreed to change the subscription price for the warrants issued on 24th June of 2015 to 24 Euro per share, and issue additional 10,831 warrants on the same terms of the previous warrants.

On 29th February 2012 the company registered 32,520 Warrants of which 16,261 have been subscribed by two financial entities. During the period of 2012–2022 each warrant entitles the right to subscribe one new Preference B share at the price of 18 Euro per share or in case of new shares issued which rank with more seniority than B shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. If all warrants are exercised the number of shares will increase by 32,520 and the equity contribution will be 585,360 EUR

| | The Group | | Parent company | |
|-------------------------------|-----------|------|----------------|------|
| | 2017 | 2016 | 2017 | 2016 |
| Contingent liabilities | | | | |
| Contingent liabilities | None | None | None | None |

Note 16 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 | |
|-------------------------|-------|------|-----------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| Management shareholders | – | – | 85,093 | 105,891 |

The company reported as purchases to related parties in 2016 annual report EUR 55k, whereas the correct figure that should have been reported is EUR 105K.

The Group has the following outstanding balances with related parties as of year-end.

| | Receivables | | Liabilities | |
|----------------------------|-------------|---------|-------------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| Management shareholders(*) | 394,346 | 294,840 | 18,592 | 11,555 |

Sales of services and goods between related parties are negotiated based on the arms-length principle. See also note 4 for disclosure about key management compensation.

Note 17 POST BALANCE SHEET DATE TRANSACTIONS AND EVENTS

In February 2018, the company received two new bridge loans from private lenders. Principal amount EUR 3,700,000.

All the bridge loans lent to the company, the ones existing at the end of 2017 as well as those received in February 2018, remain unpaid at the date of preparation of this statements.

At EGM 11th of May 2018, the company voted:

- To change the Company from Private to Public Company
- To issue a maximum of 1M of new Preference Shares of the class D

The company has entered into an agreement the Investment Bank ABG Sundal Collier with a view to making an Initial Public Offering of its shares.

Note 18 ADJUSTMENTS FOR ITEMS EXCLUDED FROM CASH FLOW STATEMENT, ETC.

| | The Group | | Parent company | |
|---|----------------|------------------|-------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Translation differences | 317,261 | 1,003,498 | – | – |
| Companies liquidation | – | 47,667 | – | 130,000 |
| Impairment of intercompany transactions | – | – | 17,504,000 | – |
| Other items | 3,049 | –15,615 | – | – |
| | 320,310 | 1,035,549 | 17,504,000 | 130,000 |

STOCKHOLM 2018-06-26

| | | |
|-------------------------------------|------------------------------------|-----------------------------------|
| Lawrence Flynn Managing Director | Johan A Gustafsson Board Member | Sofia von Scheele Board Member |
|-------------------------------------|------------------------------------|-----------------------------------|

| | |
|----------------------------|--------------------------------------|
| Fredrik Oweson Chairman | William Cornei Weiss Board Member |
|----------------------------|--------------------------------------|

Our auditor's report was submitted on 2018-06-26

Grant Thornton Sweden AB
Carl Johan Regell
Auditor

AUDITOR'S REPORT 2017

REVISIONSBERÄTTELSE

Till bolagsstämman i Artificial Solutions Holding ASH AB
Org.nr. 556734-1556

Rapport om årsredovisningen och
koncernredovisningen

Uttalanden med avvikande mening

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Artificial Solutions Holding ASH AB för år 2017.

Enligt vår uppfattning har årsredovisningen och koncernredovisningen, på grund av hur betydelsefullt det förhållande som beskrivs i avsnittet "Grund för uttalanden med avvikande mening" är, inte upprättats i enlighet med årsredovisningslagen och ger inte en rättvisande bild av moderbolagets finansiella ställning per den 31 december 2017 eller av dessas finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Som en följd av uttalandet ovan avstyrker vi att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen med anledning av bolagets finansieringssituation som beskrivs i avsnittet "Grund för uttalanden med avvikande mening".

Grund för uttalanden med avvikande mening

Som bolaget beskriver i förvaltningsberättelsen under avsnittet "Väsentliga händelser under räkenskapsåret" föreligger en väsentlig osäkerhetsfaktor om möjligheten till fortsatt drift som kan leda till betydande tvivel om moderbolagets förmåga att fortsätta sin verksamhet då finns osäkerhet om fortsatt finansiering och att bedriva verksamheten vidare. Vid denna revisionsberättelses avgivande har bolaget inte erhållit några bindande löften om kapitaltillskott eller andra finansieringsformer.

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisionssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Väsentlig osäkerhetsfaktor om fortsatt avseende antagandet drift

Som framgår av bolagets årsredovisning redovisar bolaget betydande förluster och har varit beroende av löpande kapitaltillskott och ytterligare finansiering för att kunna fortsätta sin verksamhet. Vi bedömer att bolaget är beroende av ytterligare kapitaltillskott för att säkerställa den fortsatta driften för hela 2018. Vid denna revisionsberättelses avgivande har bolaget inte erhållit några bindande löften om kapitaltillskott eller andra finansieringsformer.

Dessa händelser tyder på att det finns en väsentlig osäkerhetsfaktor som kan leda till betydande tvivel om företagets förmåga att fortsätta sin verksamhet och därför kan företaget kanske inte ha möjlighet att realisera sina tillgångar och betala sina skulder inom ramen för den ordinarie verksamheten. Årsredovisningen och tillhörande noter upplyser inte tillräckligt om detta förhållande.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga ändamålsenliga och som grund för våra uttalanden med avvikande mening.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättats och att de ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller fel och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen och koncernredovisningen finns på Revisornämndens webbplats: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalande med avvikande mening respektive uttalande

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Artificial Solutions Holding ASH AB för år 2017 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Som en följd av det förhållande som beskrivs i avsnittet "Grund för uttalanden" avstyrker vi att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen.

Vi tillstyrker att bolagsstämman beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Som framgår av vår Rapport om årsredovisningen avstyrker vi bland annat att balansräkningen ska fastställas.

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisionssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av bolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att förlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsnämndens webbplats: www.revisorsinspektionen.se/rn/showdocument/documents/rev_do_k/revisors_ansvar.pdf. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 26 juni 2018

Grant Thornton Sweden AB

Carl-Johan Regell

Auktoriserad revisor

2018 ANNUAL REPORT OF ARTIFICIAL SOLUTIONS HOLDING

The board and the managing director of Artificial Solutions Holding ASH AB hereby submits the annual accounts and the consolidated account for the financial period 2018-01-01 to 2018-12-31

All amounts in the annual report and consolidated accounts are reported in Euro.

MANAGEMENT REPORT

Scope and type of operations:

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

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

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

Significant events during the financial year

In February 2018, Artificial Solutions Holding entered into convertible bridge loans of EUR 3.5 million.

In June 2018, the Artificial Solutions Holding issued a further 141.701 Preference shares of series D at EUR 24.7 per share raising a total of EUR 3.5 million.

In September 2018, Artificial Solutions Holding issued 412.562 Preference Shares of series D at an issue price of EUR 24.70 per share raising a total of EUR 10.190 thousand.

In September 2018, bridge loans of EUR 7.1 million were repaid in partly by cash and partly by Preference Shares of Series D in accordance with the above.

In December 2018 Artificial Solutions Holding issued senior secured fixed rate bonds to an amount of SEK 52 million.

In December 2018, in anticipation of the proposed transaction, Artificial Solutions entered into an agreement to provide a Conditional Capital Contribution to Indentive AB. The Contribution is repayable in whole or in part as soon as Indentive have established that they have unrestricted equity available.

Future developments, risks and uncertainties:

Through its operations, the Group is exposed to a range of operational and financial risks. The Group has sales and purchases in currencies other than its functional currency. This exposes the Group to transaction and translation differences as the sales and purchases are recognized at spot rate, which may have changed at the subsequent settlement. Also, the Group has net investments in foreign subsidiaries which also expose it to translation differences upon consolidation. The Group's objective is to achieve long-term, stable, financing that provides an appropriate gearing at a reasonable cost, as well as sufficient funding for the Group to finance its operations and investment requirements. The long term financing requirements are reviewed regularly and management ascertains that appropriate credit lines and other sources of funding are available. Regular cash flow analyses are prepared to plan short-term liquidity requirements.

The Group's sales exposes it to credit risks as losses are incurred if the customers cannot pay. So far, the Group's credit losses have been minimal.

With Current Assets amounting to 6.8 M euro and Current Liabilities amount to 13.7 M euro as at 31 December 2018 and based on the current budget of revenues and cost base, as described in note 18 regarding post balance sheet events, the company have negotiated new loan facilities totaling €7.25m. Based on the Working Capital situation as at 31 December 2018, the trading forecast and the new loan structure that has been put in place in February 2019, it is the Boards opinion that the company have enough working capital to continue to trade for at least the next 12 months.

Research and Development

In 2018 the main focus of R&D has been based on the new "data" foundation and using this to build the new "Teneo learn" and "Teneo predict" Machine Learning modules which will be fully integrated, core elements of Teneo. This new functionality will allow enable all Teneo bot developers build even better and more capable bots by enabling them to use data to train and improve their bots. During 2018 we have extended concepts such as "entities" and language resources have been extended with further NLP and NLU function both natively and directly as part of our Teneo language resources.

R&D activities relating to the development of products with demonstrable future value are capitalized; all other expenses are accounted for in the period in which they are incurred. Based on this for 2018, EUR 1.187k (EUR 863K in 2017) of internally developed software was capitalized as an intangible asset. Internally developed R&D is calculated based on the fully-loaded cost of the man hours spent developing applications, reusable knowledge and methodology which can be considered to be of future value. Group policy is that, considering market the company operates in and the return on the

investment expected, developed assets have a Useful Economic Life of 5 years. See Note 8.

Use of financial instruments.

The Zero Coupon Deep Discount Bond issued in December 2012, with maturity date in June 2015, remains outstanding pending agreement from the bondholder with regards to method of repayment. The face value of the bond, is EUR 165k. The company has accrued EUR 77k interest for the period since the maturity date.

In September 2018 Bridging Loans received in 2017 totaling 1.350m of capital value and 0.470m of interests were repaid in full or converted to equity.

The existing loan agreement with a credit institution with capital value of EUR 5.6m was renegotiated. The term of the loan was extended to 1st June 2020, "Senior Loan".

The existing loan agreement with a credit institution with capital Value EUR 1.6m was renegotiated. The term of the loan was extended to 1st June 2020, this loan is subordinated to the existing "Senior Loan".

Ownership

At 31 December 2018 the Company's share capital was owned by various private companies, equity firms, a company held by the Group Senior Managers and other individuals. The percentage of ownership on the Group as at 31 december 2018 is as follows:

| Shareholder | Total Shares | Ownership |
|--|------------------|-------------|
| Scope Growth II L.P. | 940,932 | 26% |
| Scope Growth III L.P. | 682,833 | 19% |
| Various shareholders ownership below 10% | 2,022,344 | 55% |
| Total | 3,646,109 | 100% |

Sales, profit/loss and financial position

The Group

| EUR '000 | 2018 | 2017 | 2016 | 2015 |
|----------------------------|---------|---------|---------|--------|
| Net sales | 4,389 | 4,951 | 3,620 | 2,879 |
| Operating loss | -11,579 | -9,435 | -8,389 | -7,986 |
| Loss after financial items | -14,236 | -10,927 | -10,171 | -8,621 |
| Total intangible assets | 2,870 | 3,873 | 5,561 | 7,198 |
| Total assets | 10,386 | 6,547 | 8,958 | 9,013 |
| Total equity | -8,427 | -7,526 | -1,807 | -4,487 |
| Solidity | -81% | -115% | -20% | -50% |
| Average no. of employees | 111 | 102 | 86 | 76 |

Proposal for the treatment of the unappropriated earnings

The Group

The Group's non-restricted equity amounts to EUR -12,073k of which EUR -14,238k are loss for the current year.

The parent company

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

| (EUR) | 2018 |
|-----------------------|-------------------|
| Share premium reserve | 75,565,579 |
| Loss carried forward | -43,332,250 |
| Result for the year | -1,619,457 |
| | 30,613,871 |

The board proposes that:

| | |
|----------------------------------|-------------------|
| the following be carried forward | 30,613,871 |
| | 30,613,871 |

Change in Equity

| The Group | Share capital | Restricted reserves | Sum shared capital |
|--------------------------------|------------------|---------------------|--------------------|
| Amount brought forward | 3,091,846 | – | 3,091,846 |
| New registration of shares | 554,263 | – | 554,263 |
| Balance carried forward | 3,646,109 | – | 3,646,109 |

| The Group, (EUR) | Non-restricted reserves | Net profit/loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|-------------------------|------------------------------|----------------------------|-------------------|
| Amount brought forward | –10,618,102 | – | –10,618,102 | –7,526,256 |
| New issue of shares | 12,789,919 | – | 12,789,919 | 13,344,182 |
| Translation differences | –6,772 | – | –6,772 | –6,772 |
| Net loss for the year | – | –14,237,758 | –14,237,758 | –14,237,758 |
| Balance carried forward | 2,165,044 | –14,237,758 | –12,072,714 | –8,426,605 |

| Parent company (EUR) | Share capital | Restricted reserves | Sum restricted capital |
|--------------------------------|------------------|---------------------|------------------------|
| Amount brought forward | 3,091,846 | – | 3,091,846 |
| New registration of shares | 554,263 | – | 554,263 |
| Balance carried forward | 3,646,109 | – | 3,646,109 |

| Parent company (EUR) | Non-restricted reserve | Net profit/loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|------------------------|------------------------------|----------------------------|-------------------|
| Amount brought forward | 62,775,660 | –43,332,250 | – | 22,535,256 |
| New registration of shares | 12,789,919 | – | – | 13,344,182 |
| Net profit for the year | – | – | –1,619,457 | –1,619,457 |
| Balance carried forward | 75,565,579 | –43,332,250 | –1,619,457 | 34,259,980 |

Please refer to the following income statements, balance sheets, 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 Euros (EUR) unless otherwise indicated.

CONSOLIDATED INCOME STATEMENT

| (EUR) | Note | 2018-01-01 2018-12-31 | 2017-01-01 2017-12-31 |
|---|--------------|--------------------------|--------------------------|
| Operating income, etc. | | | |
| Net sales | Note 1 | 4,389,131 | 4,950,518 |
| Capitized amount for own accounts | Note 5 | 1,187,085 | 871,718 |
| Other operating income | Note 1 | 516,511 | 1,234,417 |
| | | 6,092,726 | 7,056,653 |
| Operating expenses | | | |
| Other external costs | Note 2, 3, 4 | -5,022,343 | -4,278,158 |
| Personnel costs | Note 5 | -10,326,387 | -9,572,166 |
| Depreciation and amortisation on fixed assets | Note 8, 9 | -2,320,074 | -2,641,364 |
| Other operating expenses | | -3,025 | -325 |
| Operating loss | | -11,579,103 | -9,435,360 |
| Result from financial investments | | | |
| Interest income and similar items | Note 6 | 366,141 | 448,895 |
| Interest expenses and similar items | Note 7 | -3,023,216 | -1,940,614 |
| Loss after financial items | | -14,236,177 | -10,927,078 |
| Tax on profit for the year | | -1,581 | - |
| NET LOSS FOR THE YEAR | | -14,237,758 | -10,927,078 |

CONSOLIDATED BALANCE SHEET

| (EUR) | Note | 2018-12-31 | 2017-12-31 |
|---|---------|-------------------|------------------|
| ASSETS | | | |
| <i>Fixed assets</i> | | | |
| Intangible assets Note 8 | | | |
| Capitalized expenditure for licences software and content development | | 2,869,877 | 3,106,584 |
| Goodwill | | – | 766,770 |
| | | 2,869,877 | 3,873,354 |
| Tangible assets | | | |
| Equipment, furniture and fittings | Note 9 | 173,801 | 226,964 |
| | | 173,801 | 226,964 |
| Total fixed assets | | 3,043,678 | 4,100,319 |
| Other non-current receivables | | 537,661 | 517,305 |
| Total non current assets | | 3,581,339 | 4,617,624 |
| <i>Current assets</i> | | | |
| Current receivables | | | |
| Accounts receivable – trade | | 559,521 | 398,853 |
| Tax receivable | | 882,918 | 369,309 |
| Other receivables | | 328,638 | 88,112 |
| Prepaid expenses and accrued income | Note 12 | 469,698 | 582,578 |
| | | 2,240,776 | 1,438,852 |
| Cash and bank balances | | 4,563,682 | 490,838 |
| Total current assets | | 6,804,458 | 1,929,691 |
| TOTAL ASSETS | | 10,385,797 | 6,547,314 |

CONSOLIDATED BALANCE SHEET, CONT.

| (EUR) | Note | 2018-12-31 | 2017-12-31 |
|--|----------------|-------------------|-------------------|
| EQUITY AND LIABILITIES | Note 13 | | |
| Equity | | | |
| Share capital | | 3,646,109 | 3,091,846 |
| Share premium reserve | | 75,565,579 | 62,775,660 |
| Other equity including result for the year | | -87,638,292 | -73,393,762 |
| Total equity | | -8,426,605 | -7,526,256 |
| Long-term liabilities | | | |
| Liabilities to other lenders | Note 14 | 5,101,709 | 2,537,419 |
| Total Long-term liabilities | | 5,101,709 | 2,537,419 |
| Current liabilities | | | |
| Liabilities to other lenders | Note 14 | 9,132,331 | 7,776,290 |
| Accounts payable – trade | | 363,605 | 395,245 |
| Income tax liability | | 2,353 | 5,314 |
| Other liabilities | | 346,549 | 240,646 |
| Accrued expenses and deferred income | Note 15 | 3,865,855 | 3,118,657 |
| Total current liabilities | | 13,710,693 | 11,536,151 |
| TOTAL EQUITY AND LIABILITIES | | 10,385,797 | 6,547,314 |

CONSOLIDATED CASH FLOW STATEMENT

| (EUR) | Note | 2018-01-01 2018-12-31 | 2017-01-01 2017-12-31 |
|--|---------|--------------------------|--------------------------|
| Operating activities | | | |
| Operating loss | | -11,579,103 | -9,435,360 |
| - Depreciation/amortisation on assets | | 2,320,074 | 2,641,364 |
| - Adjustments for items excluded from cash flow statement | Note 19 | 29,738 | 320,310 |
| | | -9,229,290 | -6,473,686 |
| Interest received | | 298,477 | 363,046 |
| Interest paid | | -1,739,951 | -887,636 |
| Taxation paid and received | | - | 140,363 |
| Cash flow from operating activities before changes in working capital | | -10,670,764 | -6,857,913 |
| <i>Cash flow from changes in working capital</i> | | | |
| (Increase)/Decrease in receivables | | -1,960,716 | 358,686 |
| Increase/(Decrease) in liabilities | | 821,461 | 359,947 |
| Cash flow from operating activities | | -11,810,019 | -6,139,280 |
| Investing activities | | | |
| Payments to acquire tangible fixed assets | Note 9 | -25,370 | -62,785 |
| Payments to acquire intangible fixed assets | Note 8 | -1,243,750 | -881,923 |
| Cash flow from investing activities | | -1,269,120 | -944,707 |
| Financing activities | | | |
| New share issue | Note 13 | 12,820,313 | 3,833,197 |
| Cost of new share issue | Note 13 | -346,115 | -186,943 |
| Change in loans | Note 14 | 4,677,786 | 3,118,155 |
| Cash flow from financing activities | | 17,151,984 | 6,764,409 |
| NETCHANGEINCASHANDCASHEQUIVALENTS | | 4,072,845 | -319,578 |
| Cash and cash equivalents beginning of the year | | 490,837 | 810,415 |
| Cash and cash equivalents end of the year | | 4,563,682 | 490,837 |

PARENT COMPANY INCOME STATEMENT

| (EUR) | Note | 2018-01-01 2018-12-31 | 2017-01-01 2017-12-31 |
|--|--------------|--------------------------|--------------------------|
| Operating income, etc. | | | |
| Other operating income | Note 1 | – | 885,575 |
| | | – | 885,575 |
| Operating expenses | | | |
| Other external costs | Note 2, 3, 4 | –1,285,243 | –17,952,107 |
| Operating loss | | –1,285,243 | –17,066,532 |
| Result from financial investments | | | |
| Interest income and similar items | Note 6 | 2,294,786 | 1,292,673 |
| Interest expenses and similar items | Note 7 | –2,628,999 | –1,272,055 |
| Loss after financial items | | –1,619,457 | –17,045,914 |
| Appropriations | | | |
| Result before tax | | –1,619,457 | –17,045,914 |
| Tax on result for the year | | – | – |
| NET RESULT FOR THE YEAR | | –1,619,457 | –17,045,914 |

PARENT COMPANY BALANCE SHEET

| (EUR) | Note | 2018-12-31 | 2017-12-31 |
|-------------------------------------|---------|-------------------|-------------------|
| ASSETS | | | |
| <i>Fixed assets</i> | | | |
| Financial assets | | | |
| Participations in Group companies | Note 10 | 16,506,262 | 16,506,262 |
| Receivables from Group companies | Note 11 | 30,146,011 | 17,506,024 |
| | | 46,652,273 | 34,012,285 |
| Total fixed assets | | 46,652,273 | 34,012,285 |
| <i>Current assets</i> | | | |
| Current receivables | | | |
| Other receivables | | 224,289 | - |
| Prepaid expenses and accrued income | Note 12 | 81,635 | 286,444 |
| | | 305,923 | 286,444 |
| Cash and bank balances | | 3,846,903 | 104,197 |
| Total current assets | | 4,152,826 | 390,641 |
| TOTAL ASSETS | | 50,805,099 | 34,402,926 |

PARENT COMPANY BALANCE SHEET, CONT.

| (EUR) | Note | 2018-12-31 | 2017-12-31 |
|--------------------------------------|---------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| <i>Equity</i> | | | |
| <i>Note 13</i> | | | |
| Restricted equity | | | |
| Share capital | Note 13 | 3,646,109 | 3,091,846 |
| | | 3,646,109 | 3,091,846 |
| Non-restricted equity | | | |
| Share premium reserve | | 75,565,579 | 62,775,660 |
| Loss carried forward | | -43,332,250 | -26,286,336 |
| Result for the year | | -1,619,457 | -17,045,914 |
| | | 30,613,871 | 19,443,410 |
| Total equity | | 34,259,980 | 22,535,256 |
| Long-term liabilities | | | |
| Liabilities to other lenders | Note 14 | 5,101,709 | 2,537,419 |
| Total Long-term liabilities | | 5,101,709 | 2,537,419 |
| Current liabilities | | | |
| Liabilities to other lenders | Note 14 | 9,132,331 | 7,776,290 |
| Accounts payable – trade | | 124,387 | 40,057 |
| Liabilities to Group companies | | 977,199 | 1,406,892 |
| Accrued expenses and deferred income | Note 15 | 1,209,493 | 107,013 |
| Total current liabilities | | 11,443,410 | 9,330,252 |
| TOTAL EQUITY AND LIABILITIES | | 50,805,099 | 34,402,926 |

PARENT COMPANY CASH FLOW STATEMENT

| (EUR) | Note | 2018-01-01 2018-12-31 | 2017-01-01 2017-12-31 |
|--|---------|--------------------------|--------------------------|
| Operating activities | | | |
| Operating loss | | -1,285,243 | -17,066,532 |
| Adjustments for items excluded from cash flow statement | Note 19 | 30,819 | 17,504,000 |
| | | -1,254,424 | 437,468 |
| Interest received | | 3,924 | 6,008 |
| Interest paid | | -1,497,855 | -449,350 |
| Cash flow from operating activities before changes in working capital | | -2,748,355 | -5,875 |
| <i>Cash flow from changes in working capital</i> | | | |
| (Increase)/Decrease in receivables | | -10,678,074 | -7,223,382 |
| Increase/(Decrease) in liabilities | | 757,117 | 313,840 |
| Cash flow from operating activities | | -12,669,313 | -6,915,418 |
| Financing activities | | | |
| New share issue | Note 13 | 12,820,313 | 3,833,197 |
| Cost of new share issue | | -346,115 | -186,943 |
| Change in loans | Note 13 | 3,937,821 | 3,118,155 |
| Cash flow from financing activities | | 16,412,019 | 6,764,409 |
| Net change in cash and cash equivalents | | 3,742,707 | -151,009 |
| Cash and cash equivalents beginning of the year | | 104,197 | 255,205 |
| Cash and cash equivalents end of the year | | 3,846,903 | 104,197 |

NOTES AND DISCLOSURES

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.

Estimates and judgments

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

Management has assessed the application of accounting principles and identified sources of uncertainty in estimates, principally related to the value of Intangible assets and the future revenue streams likely to be generated by sales of licenses and professional services. In arriving at these assessments Management has assessed carefully a number of potential transformational agreements under negotiation, independent valuations of the Group patent portfolio, as well as transactions involving similar companies. The nature and timing of these agreements remains subject to uncertainty. The forecasts of future cash flows are based on Management's best estimates of future revenues and expenses. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, available technology, business volumes, margins and cost effectiveness. Changes to any of these or other key parameters can have an effect on the forecasted cash flows and the company's ability to support the book value of goodwill and/or shares held in subsidiaries. Under current market conditions no such adverse changes are anticipated, but may do so in subsequent periods. The management considers that sufficient funds will be available to support the ongoing development of the solutions and the continuing sales cycles to fund the business.

Consolidated accounts

The consolidated financial statements, formed by the parent company and all subsidiaries, cover all the operations until 31 December 2018. 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 Euros 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.

Translation of foreign subsidiaries' income statements and balance sheets

The Euro 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.

Valuation principle

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

Fixed assets

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

| | |
|--|----------|
| Goodwill | 10 years |
| Capitalized expenditure for software development | 5 years |
| Other intangible assets | 5 years |
| Equipment, furniture and fittings | 5 years |

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

Financial assets

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

Goodwill

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

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

Receivables

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

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.

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 recognised 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.

Capitalized expenditure for software development

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

Revenue recognition

Revenues related to software licenses, hosting and support are being recognized on a linear basis over the life of the contract. Professional Services revenue is recognized the later of; as delivered, or ratably over the life of the agreement depending on the nature of the agreement with the customer.

Definition of key figures

Equity ratio = Adjusted equity as a percentage of total assets.

NOTES

Note 1 NET SALES PER SOURCE AND OTHER OPERATING INCOME

Net sales divided by geographic market.

| | The Group | | Parent company | |
|-------------------------------|------------------|------------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Mainly Europe | 3,382,412 | 3,130,168 | - | - |
| USA | 1,006,718 | 1,820,350 | - | - |
| Total Net Sales | 4,389,131 | 4,950,518 | - | - |
| Other operating income | 516,511 | 1,234,417 | - | 885,575 |

Artificial Solutions Iberia has received confirmation that its application for a tax credit in respect of R+D in accordance with the Spanish law "Ley del Impuesto de Sociedades, art. 35", had been successful for the fiscal year 2017. The company will request for the tax refund of €516k, which the company expects to receive during 2019.

Due to the nature of the R+D work undertaken and the requirements necessary for a successful application, no accrual has been made in respect of potential tax refunds for the fiscal year 2018, however it does remain a possibility that such a claim will succeed.

Note 2 LEASING COMMITMENTS

During 2018 the Group's payments due to leasing commitments amounts to EUR 530K (2017 EUR 451K).

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

| | The Group | | Parent company | |
|---|----------------|----------------|----------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Future minimum lease payments amount to: | | | | |
| - within one year | 138,226 | 154,261 | - | - |
| - later then one year but within five years | 12,956 | 23,138 | - | - |
| - later then five year | - | - | - | - |
| Total | 151,182 | 177,399 | - | - |

Note 3 DISCLOSURE OF AUDIT FEE AND COST REIMBURSEMENTS

| | The Group | | Parent company | |
|--|----------------|---------------|----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Grant Thornton | | | | |
| Audit engagement | 75,965 | 67,096 | 8,180 | 8,180 |
| Audit work in addition to audit engagement | - | - | - | - |
| Tax consultancy | 2,628 | - | 2,628 | - |
| Other services | 148,844 | 1,000 | 148,844 | - |
| Others | | | | |
| Audit engagement | 2,000 | 2,000 | - | - |
| Audit work in addition to audit engagement | - | - | - | - |
| Tax consultancy | - | - | - | - |
| Other services | - | - | - | - |
| Total | 229,436 | 70,096 | 159,652 | 8,180 |

Note 4 TRANSACTION COSTS

| | The Group | | Parent company | |
|-------------------|----------------|------|----------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Transaction costs | 815,533 | - | 815,533 | - |
| Total | 815,533 | - | 815,533 | - |

In 2018 the company has incurred in professional advice related to the Transaction (see Note 18) for an amount of EUR 816k.

Note 5 AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY CHARGES

AVERAGE NO. OF EMPLOYEES

| Average no. of employees | 2018 | | 2017 | |
|-------------------------------------|------------------|-------------|------------------|-------------|
| | No. of employees | Whereof men | No. of employees | Whereof men |
| Parent company | | | | |
| Artificial Solutions Holding ASH AB | – | – | – | – |
| Total in parent company | – | – | – | – |
| Subsidiaries | | | | |
| Sweden | 16 | 55% | 11 | 67% |
| Germany | 5 | 80% | 5 | 95% |
| Spain | 44 | 54% | 42 | 53% |
| Italy | 1 | 0% | 1 | 0% |
| Great Britain | 28 | 74% | 27 | 71% |
| Netherlands | 3 | 100% | 5 | 100% |
| United States of America | 14 | 33% | 11 | 52% |
| Total in subsidiaries | 111 | 58% | 102 | 63% |
| Group total | 111 | 58% | 102 | 63% |

| Salaries, remunerations, etc | 2018 | | 2017 | |
|------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| | Salaries and other remunerations | Soc. costs (of which pensions) | Salaries and other remunerations | Soc. costs (of which pensions) |
| Parent company | | | | |
| | – | – | – | – |
| Subsidiaries | 8,220,036 | 1,682,216 (534,276) | 7,481,300 | 1,613,482 (498,309) |
| Group total | 8,220,036 | 1,682,216 (534,276) | 7,481,300 | 1,613,482 (498,309) |

Out of total personnel costs in 2018 EUR 809k (2017 EUR 585k) have been capitalized as development expenditure.

| Salaries and other remunerations allocated by country and split between board members & management and other employees. | 2018 | | 2017 | |
|---|---|---------------------------------------|---|---------------------------------------|
| | The board and managing director (of which bonus, etc) | Other employees (of which bonus, etc) | The board and managing director (of which bonus, etc) | Other employees (of which bonus, etc) |
| Parent company | | | | |
| Artificial Solutions Holding ASH AB | – | – | – | – |
| Total in parent company | – | – | – | – |
| Subsidiaries in Sweden | 294,567 | 598,522 | 272,369 | 423,114 |
| Foreign Subsidiaries | | | | |
| Spain | – | 1,996,546 | – | 1,849,802 |
| Germany | – | 548,040 | – | 453,526 |
| Great Britain | 1,301,943 | 1,585,900 | 1,191,969 | 1,505,921 |
| France | – | – | – | – |
| Netherlands | – | 254,436 | – | 365,612 |
| United States of America | – | 1,447,617 | – | 1,282,824 |
| Italy | – | 192,466 | – | 136,162 |
| Total in subsidiaries | 1,596,510 (152,704) | 6,623,526 (28,322) | 1,464,338 (24,702) | 6,016,962 (–13,326) |
| Group Total | 1,596,510 (152,704) | 6,623,526 (28,322) | 1,464,338 (24,702) | 6,016,962 (–13,326) |

EUR 39k (2018 EUR 38k) of the Swedish subsidiary's pensions costs refers to the board and managing director. EUR 48k (2017 EUR 47k) of the British subsidiary's pensions costs refers to the board and managing director.

No severance pay has been agreed with the managing director. The senior management team is composed by nine men.

Note 6 INTEREST INCOME AND SIMILAR ITEMS

| | The Group | | Parent company | |
|---------------------|----------------|----------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Interest income | 8,139 | 6,976 | 2,290,861 | 1,286,665 |
| Exchange rate gains | 358,003 | 441,920 | 3,924 | 6,008 |
| Total | 366,141 | 448,895 | 2,294,785 | 1,292,673 |

In the parent company, EUR 2,291k (2017 EUR1,287k) of interest income and similar income statement items is income from Group companies.

Note 7 INTEREST EXPENSE AND SIMILAR ITEMS

| | The Group | | Parent company | |
|----------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Interest expenses | 2,512,694 | 1,225,998 | 2,558,180 | 1,255,076 |
| Exchange rate losses | 510,522 | 714,615 | 70,819 | 16,978 |
| Total | 3,023,216 | 1,940,614 | 2,628,999 | 1,272,055 |

In the parent company, EUR 49k (2017 EUR 31k) of interest expense and similar expense statement items is expense from Group companies. EUR 2,509k (2017 EUR 1,198k) of interest expense and similar expense statement items is mainly expense from private borrowers.

Note 8 INTANGIBLE FIXED ASSETS

| | The Group | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| Licenses & IP rights | | |
| Acquisition value b/f | 2,108,606 | 2,102,656 |
| Purchases | – | 6,230 |
| Disposals | –9,710 | – |
| Exchange rate adjustments | –367 | –279 |
| Accumulated acquisition values c/f | 2,098,529 | 2,108,606 |
| Amortisation b/f | –1,939,988 | –1,935,130 |
| Charge for the year | –4,028 | –5,138 |
| Disposals | 9,710 | – |
| Exchange rate adjustments | 367 | 279 |
| Accumulated amortisation c/f | –1,933,939 | –1,939,988 |
| Residual value acc. to plan c/f | 164,590 | 168,618 |

| | The Group | |
|--|-------------------|-------------------|
| | 2018 | 2017 |
| Capitalized expenditure for development | | |
| Acquisition value b/f | 9,931,173 | 9,055,481 |
| Purchases | 1,243,751 | 875,692 |
| Disposals | – | – |
| Accumulated acquisition values c/f | 11,174,924 | 9,931,173 |
| Amortisation b/f | –6,993,207 | –5,743,075 |
| Charge for the year | –1,476,429 | –1,250,133 |
| Disposals | – | – |
| Accumulated amortisation c/f | –8,469,636 | –6,993,207 |
| Residual value acc. to plan c/f | 2,705,288 | 2,937,966 |

Note 8 Intangible fixed assets, cont.

| | The Group | |
|---|--------------------|--------------------|
| | 2018 | 2017 |
| Goodwill | | |
| Acquisition value b/f | 13,144,627 | 13,144,627 |
| Purchases | – | – |
| Disposals | – | – |
| Accumulated acquisition values c/f | 13,144,627 | 13,144,627 |
| Amortisation b/f | –12,377,857 | –11,063,394 |
| Charge for the year | – 766,770 | –1,314,463 |
| Disposals | – | – |
| Accumulated amortisation c/f | –13,144,627 | –12,377,857 |
| Residual value acc. to plan c/f | – | 766,770 |
| Net book value intangible assets | 2,869,878 | 3,873,354 |

The acquisition of Artificial Solutions BV in 2008 and the calculation of goodwill was based on the following components:

| | |
|--|-------------------|
| Purchase consideration: | |
| – Cash payment | 1,500,000 |
| – Value of issued shares | 11,361,111 |
| Total purchase consideration | 12,861,111 |
| Fair value of net liabilities acquired | 283,516 |
| Goodwill | 13,144,627 |

Note 9 EQUIPMENT, FURNITURE AND FITTINGS

| | The Group | | Parent company | |
|---|-----------------|-----------------|----------------|------------|
| | 2018-12-31 | 2017-12-31 | 2018-12-31 | 2017-12-31 |
| Acquisition value b/f | 596,792 | 566,589 | – | – |
| Purchases | 25,370 | 62,785 | – | – |
| Disposals | –15,555 | –19,664 | – | – |
| Exchange rate adjustments | –15,482 | –12,917 | – | – |
| Accumulated acquisition values c/f | 591,125 | 596,792 | – | – |
| Depreciation b/f | –369,828 | –326,801 | – | – |
| Depreciation for the year | –72,847 | –71,632 | – | – |
| Disposals | 11,771 | 18,737 | – | – |
| Exchange rate adjustments | 13,581 | 9,868 | – | – |
| Accumulated depreciation c/f | –417,324 | –369,828 | – | – |
| Net book value carried forward | 173,801 | 226,964 | – | – |

Note 10 PARTICIPATIONS IN SUBSIDIARIES

| The company's name | Corp. ID No. | Domicile | Equity | Profit/-loss this year |
|---|--------------|---------------|------------|------------------------|
| Artificial Solutions B.V. | 34162309 | Netherlands | -2,461,914 | -1,714,417 |
| Artificial Solutions (Netherlands) B.V. | 52079155 | Netherlands | 16,301 | -3,071 |
| Artificial Solutions Scandinavia AB | 556256-4657 | Sweden | 39,880 | -301,804 |
| Artificial Solutions Iberia SL | B62059068 | Spain | 554,218 | -6,001,008 |
| Artificial Solutions Germany GmbH | HRB162917 | Germany | 35,291 | -952,779 |
| Artificial Solutions France SAS | 499228955RCS | France | -856,536 | -20,054 |
| Artificial Solutions UK Limited | 06200470 | Great Britain | -8,816,554 | -1,881,772 |
| Artificial Solutions Italia S.R.L. | 09663760016 | Italy | 201,141 | 53,713 |
| Artificial Solutions Inc | 98-1119596 | United States | -2,511,810 | -1,085,201 |

| The company's name | No. of participations | Share of equity % | Book value |
|---|-----------------------|-------------------|-------------------|
| Artificial Solutions B.V. | 200 | 100% | 16,506,262 |
| Artificial Solutions (Netherlands) B.V. | 18,000 | 100% | - |
| Artificial Solutions Scandinavia AB | 1,000 | 100% | - |
| Artificial Solutions Iberia SL | 500 | 100% | - |
| Artificial Solutions Germany GmbH | 1 | 100% | - |
| Artificial Solutions France SAS | 3,700 | 100% | - |
| Artificial Solutions UK Limited | 1,000 | 100% | - |
| Artificial Solutions Italia S.R.L. | 1 | 100% | - |
| Artificial Solutions Inc | 1,000 | 100% | - |
| | | | 16,506,262 |

In 2018, Artificial Solutions B.V. has made unconditional shareholders contribution of EUR 953,000 to Artificial Solutions Germany GmbH, EUR 6,152,500 to Artificial Solutions Iberia SL, and conditional shareholders contribution of EUR 298,396 to Artificial Solutions Scandinavia AB.

In 2017, Artificial Solutions B.V. has made unconditional shareholders contribution of EUR 428,000 to Artificial Solutions Germany GmbH, EUR 6,067,500 to Artificial Solutions Iberia SL, and conditional shareholders contribution of EUR 193,625 to Artificial Solutions Scandinavia AB.

Note 11 RECEIVABLES FROM GROUP COMPANIES

| | Parent company | |
|---|--------------------|--------------------|
| | 2018 | 2017 |
| Accumulated acquisition value | | |
| Accumulated cost b/f | 60,348,957 | 51,693,239 |
| Additional receivables | 12,632,987 | 8,655,717 |
| Settlement of receivables | - | - |
| Reclassifications | - | - |
| Accumulated cost c/f | 72,988,944 | 60,348,957 |
| Accumulated impairment losses | | |
| Accumulated write-downs b/f | -42,842,933 | -25,338,933 |
| Settlement of receivables | - | - |
| Reclassifications | - | - |
| Reversal of write-downs during the year | - | - |
| Write-downs during the year | - | -17,504,000 |
| Accumulated write downs c/f | -42,842,933 | -42,842,933 |
| Net book value carried forward | 30,146,011 | 17,506,024 |

The Board has considered the value of Inter-company Loans. Whilst the Board remains confident that all balances will be repaid, the estimated value of future cash flows could vary very considerably

depending upon the assumptions used. In 2017, the Board decided to make a provision for writing down Inter Company Loans of EUR 17,504,000.

Note 12 PREPAID EXPENSES AND ACCRUED INCOME

| | The Group | | Parent company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Prepaid rent | 32,416 | 15,660 | – | – |
| Accrued interests | 81,635 | 285,441 | 81,635 | 285,441 |
| Other items | 355,648 | 281,477 | – | 999 |
| Total | 469,698 | 582,578 | 81,635 | 286,440 |

Note 13 CHANGE IN EQUITY**PROPOSAL FOR THE TREATMENT OF THE UNAPPROPRIATED EARNINGS****The Group**

The Group's non-restricted equity amounts to EUR –12,073k of which EUR –14,238k are loss for the current year.

The parent company

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

| | 2018 |
|-----------------------|-------------------|
| Share premium reserve | 75,565,579 |
| Loss carried forward | –43,332,250 |
| Result for the year | –1,619,457 |
| | 30,613,871 |

The board proposes that:

| | |
|----------------------------------|-------------------|
| the following be carried forward | 30,613,871 |
| | 30,613,871 |

| The Group | Share capital | Restricted reserves | Sum share capital |
|--------------------------------|------------------|---------------------|-------------------|
| Amount brought forward | 3,091,846 | – | 3,091,846 |
| New issue of shares | 554,263 | – | 554,263 |
| Balance carried forward | 3,646,109 | – | 3,646,109 |

| The Group | Non-restricted reserves | Net profit/ loss for the year | Sum non restricted capital | Total equity |
|--------------------------------|-------------------------|-------------------------------|----------------------------|-------------------|
| Amount brought forward | –10,618,102 | – | –10,618,102 | –7,526,256 |
| New issue of shares | 12,789,919 | – | 12,789,919 | 13,344,182 |
| Translation differences | –6,772 | – | –6,772 | –6,772 |
| Net loss for the year | – | –14,237,758 | –14,237,758 | –14,237,758 |
| Balance carried forward | 2,165,044 | –14,237,758 | –12,072,714 | –8,426,605 |

| Parent company | Share capital | Restricted reserves | Sum restricted capital |
|--------------------------------|------------------|---------------------|------------------------|
| Amount brought forward | 3,091,846 | – | 3,091,846 |
| New issue of shares | 554,263 | – | 554,263 |
| Balance carried forward | 3,646,109 | – | 3,646,109 |

| Parent company | Non-restricted reserve | Loss carried forward | Net profit/ loss for the year | Total equity |
|--------------------------------|------------------------|----------------------|-------------------------------|-------------------|
| Amount brought forward | 62,775,660 | –43,332,250 | – | 22,535,256 |
| New issue of shares | 12,789,919 | – | – | 13,344,182 |
| Net result for the year | – | – | –1,619,457 | –1,619,457 |
| Balance carried forward | 75,565,579 | –43,332,250 | –1,619,457 | 34,259,980 |

Share Capital formed by 3,646,109 shares with a quota value of EUR 1, of which 111,283 are Common Shares and 3,534,826 are Preference Shares.

Note 14 BORROWINGS

| | The Group | | Parent company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Long-term liabilities | | | | |
| Liabilities to other lenders | 5,101,709 | 2,537,419 | 5,101,709 | 2,537,419 |
| Total | 5,101,709 | 2,537,419 | 5,101,709 | 2,537,419 |
| Current Liabilities | | | | |
| Liabilities to other lenders | 9,132,331 | 7,776,290 | 9,132,331 | 7,776,290 |
| Total | 9,132,331 | 7,776,290 | 9,132,331 | 7,776,290 |
| Grand total interest bearing liabilities | 14,234,040 | 10,313,708 | 14,234,040 | 10,313,708 |

Maturity

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

Note 15 ACCRUED EXPENSES AND DEFERRED INCOME

| | The Group | | Parent company | |
|--|------------------|------------------|------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Accrued compensations incl. social charges | 1,401,440 | 1,272,417 | – | – |
| Accrued credit notes | – | – | – | – |
| Deferred income | 1,027,416 | 1,362,901 | – | – |
| Other items | 1,436,998 | 483,339 | 1,209,493 | 107,013 |
| Total | 3,865,854 | 3,118,657 | 1,209,493 | 107,013 |

In the Parent Company, EUR 575k of other items accrued are professional advice related to the Transaction (see Note 18).

Note 16 PLEDGED ASSETS AND WARRANTS

| | The Group | | Parent company | |
|--|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Pledged Assets | | | | |
| Cash and cash equivalents | 633,848 | 660,316 | 243,788 | 253,968 |
| Chattel mortgages | 4,728,496 | 4,882,568 | 2,603,999 | 2,486,101 |
| Other liabilities (customer receivables) | – | – | – | – |
| Total | 5,362,343 | 5,542,884 | 2,847,786 | 2,740,069 |

The company reported as "Cash and cash equivalents" in 2017 annual report EUR 254k, whereas the correct figure that should have been reported is EUR 660k.

The assets pledged are in respect of security for Loans provided to Artificial Solutions ASH AB Group.

On 17th of July 2017 the company issued 17,778 warrants subscribed by a financial entity. During the period of 2017–2027 each entitles the right to subscribe one new Preference C share at the price of 27 Euro per share or in case of new shares issued which rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share.

On 24th of June of 2015, the company issued 23,007 warrants subscribed by a financial entity. During the period of 2015–2025 each warrant entitles the right to subscribe one new Preference C share at the price of 40 Euro per share or in case of new shares issued which

rank with more seniority than C shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. On 29th of June of 2016 it was agreed to change the subscription price for the warrants issued on 24th June of 2015 to 24 Euro per share, and issue additional 10,831 warrants on the same terms of the previous warrants.

On 29th February 2012 the company registered 32,520 Warrants of which 16,261 have been subscribed by two financial entities. During the period of 2012–2022 each warrant entitles the right to subscribe one new Preference B share at the price of 18 Euro per share or in case of new shares issued which rank with more seniority than B shares, warrant holder shall be entitled to subscribe for shares of the same class of preference shares as issued in the Share issue, at a subscription price corresponding to the subscription price for Preference Share in the Share issue, however, not lower than 1 Euro per share. If all warrants are exercised the number of shares will increase by 32,520 and the equity contribution will be 585,360 EUR.

| | The Group | | Parent company | |
|-------------------------------|-----------|------|----------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Contingent liabilities | | | | |
| Contingent liabilities | None | None | None | None |

Note 17 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 | |
|-------------------------|-------|------|-----------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Management shareholders | – | – | 43,989 | 85,093 |

The Group has the following outstanding balances with related parties as of year-end.

| | Receivables | | Liabilities | |
|---------------------------------------|-------------|---------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Management shareholders ¹⁾ | 411,221 | 394,346 | – | 18,592 |

1) Sales of services and goods between related parties are negotiated based on the arms-length principle. See also note 5 for disclosure about key management compensation.

Note 18 POST BALANCE SHEET DATE TRANSACTIONS AND EVENTS

On the 28th January 2019, Artificial Solutions Holding ASH AB ("Artificial Solutions") and Indentive AB (Nasdaq First North: INDEN B) jointly announced that Indentive has entered into an agreement to acquire the shares in Artificial Solutions by an issue in kind (the "Transaction"), resulting in a new entity, Artificial Solutions International AB, with first day of trading on Nasdaq First North to be expected on 12 March 2019. The Transaction is subject to approval by the Indentive Annual General Meeting to be held on 28 February 2019.

Following completion of the Transaction, the shareholders of Artificial Solutions will hold approximately 97.75 per cent of the shares and votes in Indentive and the current shareholders of Indentive will hold approximately 2.25 per cent of the shares and votes in Indentive.

In the event the transaction is approved by the Indentive Shareholders, Artificial Solutions will be acquired and paid by the issue of new Indentive shares. Based on the closing price of the Indentive share on 25 January 2019 of SEK 1.238 per share, the Indentive shares to be issued are valued at approximately SEK 798,995,321.

Due to the Transaction, a new listing process for the new entity on Nasdaq First North is necessary and the Indentive share will be listed on the observation list until Nasdaq has approved the listing of the new entity on Nasdaq First North. The first day of trading on Nasdaq First North is expected to be 12 March 2019.

In February 2019 the Company entered into a new Bridge Loan Facility in the sum of EUR 300k. The Loan attracts an arrangement fee of 10% and is repayable on or before 31 March 2020 and attracts interest at a rate of 12% per annum.

In February 2019 the Company entered into a Loan facility for EUR 6.95m. In the event the full value of the Loan is drawn down, a commitment fee of 7% is payable. The Loan is repayable on 30 June 2020 and will attract interest at 12% per annum on the balance of the Loan that is drawn down.

In February 2019, Artificial Solutions incorporated a new subsidiary based in Singapore Artificial Solutions pte ltd. this is a wholly owned subsidiary, initially with two employees who will sell and support customers and prospects in the Asia Pacific region.

In February 2018 the Company agreed to provide a Loan facility to Indentive Vardepapper AB of €700k the facility will be drawn down as required, it is subject to a 7% arrangement fee and interest on the amount drawn down at 12% per annum. The amount of the debt is repayable immediately following a successful fundraising by Indentive Vardepapper AB or 31 March 2020, whichever is earlier.

Note 19 ADJUSTMENTS FOR ITEMS EXCLUDED FROM CASH FLOW STATEMENT, ETC.

| | The Group | | Parent company | |
|---|---------------|----------------|----------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Translation differences | –6,772 | 317,261 | – | – |
| Companies liquidation | – | – | – | – |
| Impairment of intercompany transactions | – | – | – | 17,504,000 |
| Other items | 36,511 | 3,049 | 30,819 | – |
| | 29,738 | 320,310 | 30,819 | 17,504,000 |

STOCKHOLM 2019-02-27

Lawrence Flynn
Managing Director

Johan A Gustafsson
Board Member

Sofia von Scheele
Board Member

Fredrik Oweson
Chairman

William Cornei Weiss
Board Member

Our auditor's report was submitted on 2019-02-27.

Grand Thornton Sweden AB
Carl Johan Regell
Auditor

AUDITOR'S REPORT 2018

REVISIONSBERÄTTELSE

Till bolagsstämman i Artificial Solutions Holding ASH AB
Org.nr. 556734-1556

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Artificial Solutions Holding ASH AB för år 2018.

Enligt vår uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 december 2018 och av dessas finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel, och att lämna en revisionsberättelse som

innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller fel och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på fel, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på fel, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen i enheterna eller affärsverksamheterna inom koncernen för att göra ett uttalande avseende koncernredovisningen.

Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Artificial Solutions Holding ASH AB för år 2018 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort Vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av bolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer

att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 27 februari 2019

Grant Thornton Sweden AB

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Auktoriserad revisor

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